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CHAPTER I.

INTRODUCTORY.

A NEW LIBERALISM OR—CHAOS.

BEFORE me on my desk lies a letter from the trenches. I should like to give it *in extenso*, but the spectre of the Censorship and the spirit of the obligations of private intimacy rise up to forbid it. No dictates of conscience, however, forbid certain quotations from it. "You ask," writes my friend, "for news of what I am doing. I return the compliment. It is not what we are doing that needs writing about, we are always doing the same old job—fighting, dying, and, above . . . wallowing in indescribable mud. Of course we ♥ouse, but we don't really mean it, or rather we shouldn't mean it if we felt assured that it is all going to be worth while. Whether it is to be worth while or not depends entirely on you people at home. We like to think we are fighting to make not only the world, but especially our own country a 'better place to live in,' when this devil's game is all over. But as far as I can see the country as a whole is asleep about the remoulding of life after

the war. Labour is perhaps awake, at any rate extreme Labour is, and the rest of you are asleep. Of course the blessed Reconstruction Ministry with its fourscore of 'expert' committees is looking very wise over countless 'reports'; but the country doesn't read blue-blooks for pleasure, and unless public discussion and country-wide interest is stirred up, ninety-nine out of every hundred of these reports will as usual be interned in pigeon-holes securely guarded by red-tape entanglements. If this public apathy is allowed to go on under the camouflage of 'political truce,' we shall come back to a country plunged in a chaotic struggle between the mad Utopianism of extreme Labour backed by the disgust of hundreds of thousands of demobilised men, and the old ostrich-like keep-what-you've-got blindness of the lucky section of the community. The prospect doesn't cheer us, if we allow ourselves to think. For God's sake let somebody wake up reasonable, educated people at home about life after the peace."

The writer of that letter is not only a very gallant and decorated officer, but is also one of the lucky ones that he writes of, and his words gain weight from the fact. The urgency of his plea should be brought home to us by conversations that we all probably hear from time to time. One such conversation I recall particularly, because I heard it on the same day that I received my gallant friend's letter.

Two men of a learned profession and of high social standing were discussing Reconstruction. "Of course," they agreed, "it is all eye-wash. Everybody knows we shall sink back into the old grooves after this war, as we always have done. And ——— knows it perfectly well." I suppress the name of the Minister of the Crown mentioned in this amiable talk, because, for one thing, I believe the statement to be untrue so far as he personally is concerned. Such conversations, to anybody whose eyes are open, are eloquent of the extraordinary danger towards which we are drifting and into which we shall inevitably drift if every political school except Labour hangs its head in the drowsiness of apathy or cowardice. Let me try to be a little more explicit.

Classes of people in this country, and presumably in all belligerent countries, have after four years learnt to look upon war as Hell. As a result of that lesson they are apt to look forward to the return of peaceful times as Heaven. That is an admittedly crude, but nevertheless truthful description of the half sub-conscious mental attitude towards war and peace of large numbers of our people. That it should be so is perfectly natural. Nevertheless, the prevalence of the idea that peace, when it comes, will bring us all desirable things—if aided by a little Governmental red-tape "Reconstruction" work —is perhaps the greatest national danger that could possibly threaten our future, hardly even excluding the undue prolongation of the war.

Soldiers in the trenches, wounded, maimed, halt and blind in the hospitals, mourners, desolate, and strugglers at home may well be excused for regarding war as Hell upon earth. But the idea that the conclusion of war will bring Heaven upon earth is unfortunately a dream, born merely of the horror of the war and the longing for its end, and is foredoomed to grievous disappointment. Even if we assume that peace is concluded on the most righteous terms—terms that will remove the immediate fear of future wars; even if the whole world in general and Britain in particular is freed from the necessity of maintaining huge armed forces and naval armaments; still every ounce of progressive spirit, of constructive thought, of righteous courage in the heart and brain, and soul of every citizen will require to be concentrated on the solution of numerous and enormous problems, if there is to be any hope of an approach to a general high level of happiness and well-being amongst us.

To recognise this is not pessimism, it is honesty; and if we are not prepared to be honest with ourselves about the difficulties and dangers that face us, it is vain for us to hope to solve them. Wilful blindness to the magnitude of tasks is the surest road to failure, both in peace and war. Every thinking man, who is honest with himself, knows that the tasks which will face our people after the conclusion of peace will be absolutely unprecedented in magnitude and difficulty. But, on the other hand,

the people will have in their grasp, if they like to use it, absolutely unprecedented power and opportunity. If both the power and the opportunity are thoroughly understood; if the nature of the problems is honestly studied; if the unparalleled danger of failing to solve them in the interests of the people is apprehended; if the ghastly alternative to a peaceful social revolution is realised; then, and only then, is it possible to predict that in the years of peace that cannot lie far distant, this country will be a "better place to live in" than it was in 1914.

A "better place to live in," writes my correspondent. For whom? For the great mass of the citizens of this country. The "greatest happiness of the greatest number," the highest welfare—moral and material—of the great bulk of the population, is the only motto that any State has any right to inscribe upon its banners. That is a very trite saying. Such a motto as that has at the outset inspired almost every truly progressive movement of recent times. But has there ever yet been a State in history, where the spirit of that motto has in actual reality been the spirit of the Government? In 1914 we were fond of saying that England was the freest country in the world; perhaps it was. That England was a democracy; by the spirit of those times it was. But even in the England of 1914 two-fifths of the population were perpetually engaged in a struggle to keep their heads above the line of want, while politicians contented themselves

with paying glib lip-service to the "welfare of the people." Such a condition of affairs cannot continue. The men who have fought have had their eyes opened. They will not sink down into the old atrophy, which in pre-war days was the only explanation why domestic peace remained undisturbed. The position reminds one of a favourite "gag" of a famous comedian. "Enlist?" he says, when Army employment is suggested to him, "why should I enlist and fight for my country? If I won they wouldn't give me any of it." This "gag" invariably went down well with the gallery, and it gives us food for thought about the frame of mind of our armies when they return to civil life. They who have fought and bled and endured indescribable hardships for their country are not going to be content with the miserable lot which was their only stake in the country. Those who in pre-war days were the "under-dogs" are full of a vague feeling that the old social order is dissolved for good, and that peace will bring them to the threshold of the promised land. Somehow or other there has got to be a better distribution of wealth and an infinitely wider range of opportunity for the masses of the people. In other words, a social revolution has got to come. If it does not come through wise leadership supported by enlightened voting power at the polling-booths, it will come by the pressure of civil commotion, riot and perhaps civil war. The choice that lies before the country at the conclusion of the

war is between carefully thought out, ordered social progress, and bloodstained, ruinous revolution.

I shall be told, of course, that I am obsessed with a bogey—that no such danger exists except in the minds of Labour Leaders who have an axe to grind. That to say this is merely to swallow the pratings of our extreme Socialists. Those who think so would do well to ponder upon certain plain facts. In the first place masses of workers all over the world have awakened to a new sense of their power. No one who follows world events and home events can doubt that for a moment. Consciousness of power is like new wine in multitudes of semi-educated heads. What, then, is more likely in this world than that after the war, unless we prepare vigorously and earnestly as a nation for post-war social progress, industrial unrest, fostered by the immense difficulties of the transition stage, will range from one end of the country to the other? And we must remember that the malcontents will have a new power. Of that Mr. Henderson in his book "The Aims of Labour" does well to warn us. "Never before," he writes, "have we had such vast numbers of the population skilled in the use of arms, disciplined, inured to danger, accustomed to act together under orders. When the war ends this country and every other will be flooded with hardy veterans of the great campaigns. Among them will be thousands of men who have exercised authority over their fellows in actual warfare, and who will

be capable of assuming leadership again if insurrectionary movements come into existence. We may be warned by a perception of these facts that if barricades are indeed likely to be erected in our streets they will be manned by men who have learned how to fight, and not by ill-disciplined mobs unversed in the use of modern weapons, likely to be easily overcome by trained troops. Revolution, if revolution is indeed to be forced upon democracy, will be veritable civil war."

I am optimistic enough to be convinced that the country—that is the people of all classes—will rise to the opportunities and ordeals of peace, as they have risen to those of war, but only if they are stirred up to face the problems in time. To support this conviction there are many favourable signs. The working classes on the one hand will have clearly before their eyes the general chaos and economic ruin which a policy of extreme and lawless mob-rule will involve. The Russian revolution has taught them that, and the lesson will be a restraining influence and an incentive to balanced policy. The same object lesson will have taught the ruling classes, the rich, and the employers the hideousness of the inevitable alternative to peaceful progress. Indeed there is room for belief that employers have in a rather more vague and general way had their eyes opened by war events almost as much as the soldiers. The process has begun, but it needs a great deal of propagation.

So far, so good. But what needs the greatest possible emphasis is this. Peaceful and satisfactory solution of our difficulties will not come if we as a people are content to leave the work to bureaucrats, politicians, professional experts, and agitators. We cannot learn the way to rise to better things by "standing still and thinking beautiful thoughts," even though Peter Pan does recommend that course to Wendy as the way to learn how to "soar up to the stars." All the individual independent brains in the country must set to work on the problems and study them in a dispassionate, helpful and, as far as possible, unbiassed spirit. The problems to be solved touch the life of every citizen in the land, not one of whom can escape the responsibility of contributing to their solution, even if it be only by giving effect in the polling-both to balanced and enlightened opinions. There must be no shirkers. In the good (or bad) old days there was in this country a great mass of indifferent, careless, lazy thinkers, always ready to buy opinions ready-made rather than have the trouble of employing brain or conscience. If after the peace large sections of the people are going back to the old lazy habit of swallowing without independent thought the parrot cries and shibboleths of politicians, and of tailing off like half-witted sheep into one bigoted political camp or another, we can never hope for the best solutions of vital national questions. It is only by the enlightened and thoughtful exercise of the franchise

by the democracy (now increased by eight millions male and female) that the country can attain to better things. All classes, and even every individual, has something to contribute to the common stock of reasonable thought and opinion, something that he or she can do to influence public life and the conduct of public affairs. Politics and government are the poorer for the mental laziness of every single citizen who fails honestly to think things out for him or herself. Such laziness alone produced an atmosphere which made it possible for party politics to be the discreditable and disastrous affair that they were before the war. The country deserves the Government it gets; it must deserve a good Government; and no Government will be a good Government unless it is broad-based upon a sober, enlightened, thoughtful, and earnest expression of the popular will. Perhaps the reader will say that in many people the pre-war mental inertia is incurable, or that, if thought on public questions has been stirred by the war, the old apathy will return. That is a very grave danger, but I believe the "indifferents" will be fewer. Moreover, the electoral roll will for the first time include six million women, in whom the novelty of the franchise will arouse public spirit and interest in national questions.

In the last paragraph some very disrespectful remarks were made about party politics. They may perhaps shock some old-fashioned reader, but I do not think there are very many people who contem-

plate with any degree of tolerance a return to the old political game of pre-war times. Nevertheless, parties there will be, and party politics there will be, so long as Parliaments exist. It is inevitable that men and women holding the same general trend of opinions should combine together for political purposes. Only by combination can they obtain strength for furthering their views. Only by thorough and active organisation can parties maintain power. So far from needing relief from party politics, the country needs more of it—far more political activity of a stimulating and educative type. But the new parties after the war must be very different from the old parties. W. S. Gilbert says that:—

"Every boy and every gal that's born into this world alive
Is either a little Liberal,
Or else a little Conservative."

This is a not untrue satire on our pre-war politics. It represents politics by tradition, the politics of privilege, of selfishness, of laziness. It is vital for the soul's health of the nation that this should be replaced by "politics of earnest and thoughtful conviction," irrespective of privilege or tradition.

Hitherto the only pre-war party which has attempted to remould itself in preparation for the days of peace is the Labour Party. It has broadened its basis, it has held out its arms to brains as well as to muscle, and at present it is the only party

organised for progress. If it remains so, we shall find ourselves faced after the war with one great Labour Party with fixed programmes, and all the other parties in the State weak and divided. We shall have, unless we wake up, an extreme progressive movement sweeping all before it in an attack upon the fortress of privilege, wealth, and rank.

To be convinced of this one has only to glance at the Labour Party's memorandum, and I would refer readers especially to the proposals and pages 93 and 94 of Mr. Henderson's " The Aims of Labour."

Here, it seems to me, lies a truly tremendous opportunity for a new Liberalism. Not a resurrection of the pre-war Liberal Party, for that would be a disaster to be equalled only, perhaps, by a resurrection of the old Tory Party. True Liberalism exists in thousands of minds, though official Liberalism has become suspect. The New Liberal Party that I have in view would be composed of men and women imbued with the belief in the fundamentals of real Liberalism (using that term in its highest and purest meaning). " Onward and upward " would be its motto, but " steady " its watchword. Progress without wild unthinking haste, reform (social revolution, call it what you will) without madcap or Utopian schemes, would be the planks of its platform. It would embrace all Liberals in the country, and it must be remembered that thousands who are Liberals at heart were before the war estranged

from the Liberal Party (and from all parties for that matter) by the dirty side of party politics as they were then; it would embrace also most moderate and thoughtful men and women, who before the war called themselves Conservatives because they shuddered at revolutionary ideas in the so-called Liberal programme, which the events of the war have brought into an entirely new light. Such a party would be the greatest national asset imaginable. It would make a third to the Conservatives—for true Conservatism will never die out, and it will rally willy-nilly to its banner all that is reactionary and selfish in the richer classes—and Labour. It would hold the balance in what might, in the absence of a third great body of organised thought and opinion, develop into a battle between a policy of grab and a policy of dog-in-the-manger It would act as a wise moderating influence on the headstrong rush of the one and a softening influence on the bigoted intransigeance of the other. It would stand for far-reaching economic reorganisation without undue spoliation; for an uplifting of the life of the masses coupled with reasoned justice for all, including the well-to-do.

I said at the outset that Peace would not bring Heaven on earth, and I repeat it to show that I am no believer in Utopia. Nor let it be thought by anyone that social revolution can be achieved all in the twinkling of an eye. It will be a task of many weary years, which is a fact that a vast number of

the adherents of the new Labour Party can hardly be expected to grasp. That is one of the main reasons why the restoration of a real constructive Liberalism is a most vital need of the country. Liberalism, if it is true and not spurious, will have as its main objects the restraint of dangerous impetuosity, and yet the setting of a pace of social progress limited only by practical justice and economic wisdom.

The great problems which the new democracy will have to face are many and various. The two fundamentals are the better distribution of wealth, the lifting up of the physical and moral life of the masses of the people, and the provision of something approaching as nearly as possible to equality of opportunity for all. These two problems are so far reaching as to involve a host of the biggest questions: questions of finance and taxation, of increased output, of wages, hours of work, and unemployment, of housing, of the application of science to industry, of prison and legal reform, of land tenure, of the sphere of Government in the life of the State, of individual liberty of action and speech, of health, of trade and commercial policy, of transportation and distribution, and last, but possibly first in importance, of education.

It is not my function, even if space were available, to formulate a concrete programme. Inculcate the desired spirit, and a programme attuned to that spirit will come. But perhaps I may here very

briefly explain one or two fundamental points. Take the problem of the better distribution of wealth. By that phrase extreme labour means taking rich men's riches, and the rich man shudders at it as spoliation. What both parties have to learn is that a country's wealth is a matter of production. With proper organisation enough wealth can be produced in this country for all to be comfortably well off, without spoliation on the one hand or intolerable surrender on the other. Take the question of leisure. Shorter hours of work may seem to capitalism, especially if coupled with more money for the workers, to spell industrial ruin. Lord Leverhulme and Mr. Ford do not believe it, and to prove that such fear is groundless is one of the tasks of the new Liberalism. A new party which tackles these questions courageously, along the lines of "a large interest in profits" backed by a minimum wage, will go far to blunt the weapon of the wild men of the socialist party. Suppose this new party adds to its platform self-government for Ireland, and by wise stages for India, publicity in foreign politics; the restoration of liberty of thought and speech; suppose it also advocates free trade limited only by the most acute requirements of national safety or by overwhelming demands from other parts of the Empire (which are very unlikely); suppose it declares hostility to nationalisation—here it will be in violent opposition to the official Labour Party—and proposes to substitute the assistance of Government credit in enter-

prises too big for private action, and to limit nationalisation to questions like education where the life of the new generation is vitally concerned; then it would have the framework of an advanced policy that would obtain the support of millions in a thinking democracy. And that support would grow, if a strong line were taken on questions of Honours, Party Funds, and the cleanliness of public life. Yet a programme built upon such "key" planks would not merit the curious criticism by Mr. Spender* on Mr. Runciman's† recent proposals, namely, that it would have too much support and too little opposition. It would meet with plenty of opposition from the labour extremists on the one hand, and on the other, of reactionary intransigeants, whose strength at the present time many people are inclined to underrate.

Contemporary Review, February, 1918.
Contemporary Review, January, 1918.

CHAPTER II.

The Premisses of Ordered Progress.

THE foregoing chapter gave a broad outline of the situation with regard to domestic affairs with which this country is likely to be faced after the conclusion of the war. It attempted to portray the results which are only too likely to accrue from the clash that is threatened between two extreme factions. It emphasised the urgency of the need for a great new party, free from the trammels of party chicanery, as it existed before the war; a party that will face facts courageously, and will steer a bold but middle course, thereby providing the balance which alone can save the country from the disastrous alternative with which it will otherwise be confronted.

It will be the purpose of succeeding chapters to touch upon some of the greatest of these problems and to indicate the way in which solution and salvation lies. But before we attempt to begin any detailed or practical discussion we must remind ourselves of one essential truth, which too often escapes the attention of the reformers of to-morrow.

It is this : that *unless we get the right sort of clean democratic peace, and unless we secure that the Government of this country and of the British Empire is conducted on lines consistent with the spirit of that peace*, it is very little good talking or thinking of making this country, or indeed any country, a really better place to live in for the great mass of its citizens. To enter upon such discussions at all, without first laying down certain indispensable premisses, would be as foolish as planning one's house without first ascertaining whether the chosen site is of sliding clay or whether it is capable of containing unshakeable foundations.

It is therefore of the first importance that, before entering upon the discussion of domestic problems, we should in outline indicate what we may call the premisses of progress, without which any real betterment of the life of the majority of British citizens will be practically an impossibility. In attempting such an outline we cannot, perhaps, do better than to quote the famous fourteen points insisted upon by President Wilson in his speech to Congress on January 8th, 1918. In the words of "The Times" of the following day, they were as follows :—

(1) Open covenants of peace and no secret diplomacy in the future.

(2) Absolute freedom of navigation in peace and war outside territorial waters, except when seas may be closed by international action.

(3) Removal as far as possible of all economic barriers.

(4) Adequate guarantees for the reduction of national armaments.

(5) An absolute impartial adjustment of colonial claims, the interests of the peoples concerned having equal weight with the claims of the Government whose title is to be determined.

(6) All Russian territory to be evacuated, and Russia given full opportunity for self-development, the Powers aiding.

(7) Complete restoration of Belgium in full and free sovereignty.

(8) All French territory freed, and the wrong done by Prussia in 1871 in the matter of Alsace-Lorraine righted.

(9) Readjustment of Italian frontiers on lines of nationality.

(10) Peoples of Austria-Hungary accorded an opportunity of autonomous development.

(11) Roumania, Serbia, and Montenegro evacuated, Serbia given access to the sea, and relations of Balkan States settled on lines of allegiance and nationality.

(12) Non-Turkish nationalities in the Ottoman Empire assured of autonomous development and the Dardanelles to be permanently free to all ships.

(13) An independent Polish State.

(14) An Association of Nations affording guarantees of political and territorial independence for all States.

Mr. Wilson closed by saying that in these essential rectifications of wrong and assertions of right the people of the United States felt themselves intimate partners with all those associated together "against the Imperialists." They could not be separated. "We stand together until the end."

This statement of peace aims is so instinct with the spirit of justice and real democracy that, although every thinking man ought by now to be familiar with it, it can never be too often reproduced and studied. It is the spirit that runs through the fourteen points that makes them vital. No one perhaps would go so far as to say that the performance to the letter of every one of these clauses is essential to the conclusion of a righteous and durable settlement. The President himself has been careful to eschew such dogmatism. But what is of vital importance is that, whatever additions to or subtraction from these terms may be made, nothing should be allowed to impair the general effect of the fourteen taken as a whole. For, as a whole, they spell a peace based on the elements of righteousness and justice; a peace that will remove causes which have led to wars in the past; a peace which will leave no nation labouring under a sense of intolerable wrong; a peace with the elements of durability and

the machinery for its maintenance. It is only such a peace which can, in the now hackneyed phrase, "make the world safe for democracy" and provide the opportunity for ordered social progress in the spirit of the motto "the greatest happiness of the greatest number."

Of those clauses which deal especially with future security and the maintenance of world peace, three at least, or possibly four, are literally indispensable. The three to which I refer are numbers (1), (4), and (14). The additional point which I would personally include under the category of indispensable is clause (3), which demands the "removal as far as possible of all economic barriers." One reason why I refrain from ranking this clause with the other three, is the fear lest I might be suspected of trespassing at this early stage upon the old Free Trade versus Tariff Reform controversy, which before the war had so unfortunately become the cockpit of party politics. In a later chapter the question of Free Trade as a national policy will inevitably raise its head. But here we are only concerned with trade in so far as it affects the stability of international relations after the war, and I think we may at this point confine ourselves to two statements, which are likely to command something like universal consent. The first is, that the more complicated are the tariff arrangements between two countries, the greater is the field on which definite disputes may crop up, and the wider the opportunity

for the gradual growth of friction and ill-will. The second, that those who pour scorn upon the idea of anything approaching to "free trade all round," will be found to be the same people who cannot bring themselves to believe in the possibility of establishing a peace up to the Wilson standard of justice and security.

There is, however, one further point which, even in this cursory reference to this great problem calls specially for mention at this particular moment. It is one which I would commend to the careful attention of those who are enthusiastic and convinced believers in Free Trade on economic grounds. Suppose for a moment that, when the inevitable Peace Conference does eventually assemble, it turns out that the German representatives cannot be brought quite into line with the essential spirit of the Wilson programme, then this situation might arise: the Allies might be faced with a choice between a continuance of the war with all its slaughter, horror and sacrifice, and the definite employment of a very powerful threat. They might say to the Germans, "If you will not come into line on these vital points, we shall be compelled to put into operation a very powerful weapon that lies within our grasp. Unless you agree to the fundamentals of the Wilson programme, no merchant ship of yours shall, for a long period after the war, coal at any of the Allied coaling stations all over the world. That will kill your mercantile marine. Nor for the same period will we let

you have any of the chief raw materials of industry over which we have obtained a control that approaches completeness. That will be a deadly handicap to your industries." God forbid that the Allies should have to put such a policy into operation. But the threat is no idle one, and the Germans know it. It is surely not unlikely that the shadow of this terrible threat might be a powerful instrument towards bringing the Germans to agreement on certain essential points of a clean democratic peace. Therefore there is very grave and solid ground for appealing to Free Traders not to attempt to tie the Allies' hands in advance by specific and unequivocal insistence upon clause (3) in Mr. Wilson's programme. But, however strong the grounds for this appeal to Free Traders, even more powerful is the ground for an appeal to Tariffists and Preferentialists not to attempt to tie our hands in the opposite direction. When this war is over, in Heaven's name let us do everything we can to prevent its recrudescence. The idea of a trade war after the war is impregnated with the germ of future wars; and the boycott of Germany can only be thought of by sane men with any tolerance at all in the light of the only possible alternative to a long continuance of military strife.

However, this discussion of Clause (3) is in the nature of a digression. Let us get back to the even more vital Clauses (1), (4), and (14). Clause (1) demands the final abolition of secret diplomacy.

This aim has been preached in this country ever since the outbreak of war by a small band of men who formed for the purpose of its propagation a society called the Union of Democratic Control. Now this Society very quickly became an object of public suspicion and resentment. Its leaders, through their speeches and writings, became identified in the public mind with the doctrine of extreme pacificism, of "peace-at-almost any-price." Moreover, the opinion gained ground, whether rightly or wrongly, that the society formed by these men with the avowed object of preaching the abolition of secret diplomacy was in fact being employed to further the extreme pacific views of its leading prophets. Thereupon the whole discussion of the evils of secret diplomacy became confused and tainted. This was little short of a national misfortune. Never was so admirable an object so unfortunate in its sponsors. Thus for a very long time public enlightenment upon the conduct of foreign policy made no headway at all. Fortunately, however, the past two years have seen certain events which have made a great impression on the public mind. The dangers and evils of the old diplomatic system have been shown up in a clear light, and the public, with its notoriously short memory, no longer damns the policy of abolishing secret diplomacy by associating it with the advocacy of a few extremely unpopular men. Among recent events which have helped to open the eyes of the

public most important perhaps is the publication of the famous "Willy-Nicky" letters. No one can read that infamous correspondence without feeling the deepest horror at the calm way in which two despots, behind the bodies of parliaments and peoples, toyed with questions affecting the peace of Europe and the life and death of millions of Europeans. An arrangement of the civilised world which admitted the possibility of such intrigue is one which cannot be allowed to continue if any hope of durable peace is to be maintained. Bolshevik publication of secret treaties has furthered the good work of public education. We see not only monarchs, but Ambassadors and Ministers, playing the old fascinating game of intrigue, bargaining away lives and territory as if they were pawns in a game, without the slightest fear of ever being called to account by the peoples whose interests they are supposed to serve. These specific revelations merit the horror and scorn that they have aroused. But we must remember that as yet only the tiny fringe of the curtain has been lifted; only one little glance has been vouchsafed to the public of one or two pebbles in a monstrously evil heap. For centuries in Embassies and Foreign Offices all over the civilised world a few men have been plotting and intriguing and (often unconsciously) sowing seeds of future wars, while the peoples of the world have been wrapped in blissful ignorance of their fate. To this system in a large degree we owe the present state

of the world. Few people will deny that Germany and Austria between them instigated this war deliberately. Its instigation was the work of a few men, who succeeded in deceiving th ir people over the real facts to such an extent that they welcomed and approved the action of their Governments. History may or may not couple the German people with their rulers as the culprits. Be that as it may, the international situation, which gave the Central Powers their opportunity to plunge the world in war, was the creation and natural result of secret diplomacy all over Europe. No reader of European politics during the past century can dispute that fact. Unless this old evil system goes, no League of Nations will avail to save the world from a repetition of the catastrophe of 1914. The new system of open diplomacy must begin with the peace treaty itself. That document itself and every formal agreement henceforth between nations must be submitted to the judgment of the world and endorsed by the majority of representatives of the peoples concerned.

We now come to Clause (4), "Adequate guarantees for the reduction of national armaments." Now if any shibboleth has been exploded by the history of the past few decades, it is that hoary motto, "If you wish for peace prepare for war." The historian of the future may be trusted to see in the story of the period 1872 to 1914 two main currents ever gathering force and sweeping down the hapless peoples of Europe into the red flood of 1914. These two main

currents were secret diplomacy and competition in armaments, and each was the tributary of the other. The intrigues of statesmen, monarchs, and ministers created an atmosphere of fear and suspicion. Fear and suspicion led to great increases in armies and fleets. Perpetual increases in armies and fleets gave a fresh impetus to fear, suspicion and intrigue. And so Europe revolved ever faster in a vicious circle, until the whole Continent was a series of armed camps, always increasing in defensive and offensive power. Given that situation a great crash was sooner or later inevitable. All the materials of conflagration were prepared, and even had Germany and Austria not deliberately applied the torch any chance spark might at any time have set the flame of war spurting up to the sky. If civilised progress is ever to have a chance we can never again go back to that evil system. Mutual agreement to restrict all armaments is one of the primary needs of suffering humanity. This fact seems so plain, so absolutely beyond dispute, that it is something of a shock to realise that there are people in this country, and in every other country, too, who deliberately contemplate a return to the old "armed camp" state of affairs, only intensified. Since this point of view does exist (and is honestly held by many) it would be folly to overlook it. Very recently there was published, for instance, a volume of 370 pages entitled "The Case for Compulsory Military Service," by Mr. G. G. Coulton. The volume merits

study as a *locus classicus* on the subject. Mr. Coulton, it is true, hates Prussian methods and advocates Swiss. But everlasting conscription, armaments, and war fill the landscape as he peers into the future of the world. So the book is indeed an exposition of the old creed, which has nearly destroyed Europe, from the pen of one of its most erudite arch-priests. Perhaps even more significant than the book itself is a review of it which the *Cambridge Review*, the leading organ of that great seat of learning, thought fit to print over initials of a widely respected Don. This gentleman concludes his review with these words* :—

> And when the war ends let there be no illusions. Peace will not bring in any millennium. Some questions must be left over for future decision; and may thereafter lead to future outbreaks. The Baltic, the Balkans, Constantinople; these questions are all within the European ring-fence, and may, or may not, be compromised. But inherent race-differences will yet survive; and those between White and Yellow may be such as Æschylus said existed between vinegar and oil. Let us, therefore, turn to Mr. Coulton's book, and face facts without blinking; and not, as after Vereeniging in 1902, fold our hands in slumber. Let us learn from the lessons of the past that the security

* *Cambridge Review*, February 21, 1918.

of the home depends on the manliness and steadfastness of the individual citizen, willing to bear arms himself and to uphold in person, not by purse only, the common weal.

That doctrine is an absolute negation of the possibility of a Wilson peace. If the lack of faith, which inspires the school which preaches it, is allowed to triumph, then good-bye to all thought or talk of human happiness or progress; let us close our book. The discussion of social problems, the planning of a rebuilding of national life on the basis of the "greatest happiness of the greatest number" is waste of paper and ink. Civilisation is doomed to perennial slaughter and indescribable bankruptcy, and will become engulfed in a barbarism to which the middle ages provide us no parallel. "If I felt that lack of faith," said a friend of mine the other day, "I should shoot my baby son. If the world is always to be like that, no sane man can take the responsibility of introducing young life into it."

Fortunately, there is every sign that public opinion is running on very different lines, though it is salutary, here as everywhere, to take cognisance of the strength of the forces of blind disbelief and reaction. But even assuming general and drastic reduction of armaments, there is a subsidiary point, which merits the closest attention. However great the post-war reduction of armaments, we cannot afford to allow the old system of the production of armaments to remain. The story of how the production of arma-

ments got into the hands of a few huge firms with branches in many countries; of how the "armour-plate ring" worked upon national fears and suspicions, employing every artifice of deception, scaremongering, and corruption, with the result of making one nation prepare against another, and another against another, and so on all over the world, is one that should be carefully studied by every man who cares for the future of the world. It would occupy far too much space to attempt to give even the barest outline of the facts here—readers are referred to "The War Traders," by Mr. G. H. Perris, where the evidence collected is overwhelming. I shall in a future chapter have much to say in the way of condemning State interference with industry. But here is one mighty exception. If ever there was a case for nationalisation, it is here. If armaments and material of war must still be produced, it must be the monopoly of the State. The methods of production must be the concern, and under the control, of the people through their democratically selected representatives. That way alone lies safety.

President Wilson's clause (14) demands "An Association of Nations affording guarantees of all political and territorial independence for all States." In that clause is implied the substitution of a League of all self-governing nations, for all the diplomatic policies, such as the Balance of Power, etc., which have marred the peace of the world in the past, and

also the machinery for the maintenance of the new order of things. A volume would be required for discussion of the details of such a scheme, and in this brief survey it is only perhaps necessary to pass three or four observations. Firstly, the idea of a League of Nations, which a year or two ago was publicly regarded as mere Utopian dreaming, is now accepted as possible by the world's most practical thinkers. Secondly, the stability of such a League depends in the first place upon its institution in the terms of the Peace by the peoples themselves through directly and responsibly chosen representatives. Thirdly, the League, if it is to perform its great pacific service to the world, must include all the great nations. It will not be of the slightest use if, for instance, Germany and Austria are to be *forcibly* excluded. Their exclusion would merely mean a return to the old Balance of Power arrangement, with its evils and dangers intensified. Fourthly, machinery must be provided for the coercion, predominantly by economic means, of a member nation which violates the letter and spirit of the League's charter.

I have now briefly touched upon the main essential points in the international situation which will have to be cleared up by the peace, before social rebuilding can come within the sphere of the practical. But there are some almost equally essential premisses with regard to our own conduct of our own domestic affairs. Obviously the corollary to the

just peace is the necessity for providing that those who are placed in control of national interests in this country are going to carry out the whole of their task entirely in harmony with the spirit of that peace, and that it will be impossible for any statesman to put grit rather than oil into the international wheels, without suffering extinction from public life at the hands of the voting proletariat. The power to secure this now exists, since the passing of the Representation of the People Bill—incomparably the greatest of all Reform Bills. To obtain the proper use of that power a tremendous amount of educative work is required. In that work there is a crying need for a great new Liberalism to do its share.

Among the problems which particularly require that State action should be in conformity with the spirit of a Wilson peace are those of Ireland, India, and Egypt. To prove our earnestness over "self-determination" of nations, we must see that that policy has scope, as far as at all practicable, in our own Empire. Self-government for Ireland, a steady development reaching towards a similar object in India and Egypt, ought to be in the forefront of the projects of the new Liberalism. The Empire must in truth be made the Commonwealth of Nations, which it is so often called.

Let us pause here for a moment. Assume all these primary desiderata accomplished. What then? Is the path then immediately free for our national

rebuilding? It seems to me that something further is yet required, and that is a change in the mental attitude of all classes in the nation. Let me develop this point as briefly as may be.

It is a favourite saying of the scribes that this war has brought us down to bedrock level, and has forced us to see facts as they are, stripped of the phylacteries with which our self-deception, indolence, or cowardice has clothed them. That may be true, probably is true, of the man in the trenches. But it is, I believe, profoundly untrue of masses of people at home. It goes without saying, of course, that the war has caused a complete revolution in most people's thoughts, feelings, and opinions; that it has shattered favourite theories and upset hoary convictions. But that is not equivalent to saying that it has brought people into that calm, detached, sober frame of mind in which they can dissect and analyse the actual facts of daily life and form a steady judgment upon them. No! The effect of the war as regards the public attitude of mind towards public, and even private, affairs has, if my personal observation has not been exceptional, been very different from that. What the war has done is to swing the public attitude of mind from one absurd extreme to another.

Before the war we were on the whole a trustful people, ready to believe the best of persons and things. We believed—large sections of people at any rate—the promises of our politicians at election

time. We believed our statesmen when they told us, for instance, that we might sleep peacefully in our beds without fear of German aggression. Did we see men and women undertaking unselfish work, doing quixotic actions, living lives of help towards others, we looked on with a surprised admiration. We did not raise our noses in the air and look for hidden motives. Now that atmosphere has gone. A great wave of cynicism has swept over the country. We trust nothing and nobody. The person who would appear most disinterested is most suspect. He must, we think, have an axe to grind somewhere. This cynicism we extend particularly to public life at home, but also to private life. The only act that is safe from it is the act of the supreme sacrifice in the trenches. And indeed I know a woman who, in the early days of war at any rate, looked with ill-concealed suspicion at boys who came home from Flanders on leave alive and unwounded. How was it that they had so escaped the supreme obligation of dying for their country? This honest soul—I knew her well—could barely keep out of her mind the idea that there must be "something behind it."

"Something behind it." That phrase alone gives us the clue to the origin of much of the present-day cynicism. Freedom of speech and writing has gone; no one knows how far the spoken or the written word has been subjected to voluntary or forcible censorship. Hence the suspicion that in everything heard or read there is something "behind," something

kept back, which would alter the whole aspect. Such an attitude is fostered by the attitude which we learn to adopt to the enemy. Every thought or word that comes from any enemy source is suspect. The mind accustoms itself to the atmosphere of suspicion, and into it creeps the question, are our public men not tarred with the same brush?

From the application of cynicism to word and thought to its application to acts and conduct is an easy transition. The simplicity of honest motive and generous intention is the last thing that we willingly impute. Is a man in business? Then he is a profiteer. Is he exempted? He is a shirker. Is he on the Staff in a "cushy" job? We at once murmur about wire-pulling and influence. Now all this atmosphere is deadly; it is worse even than over-trustfulness, though both are bad. What we stand in need of is a little human charity. We need at the present day to look at the good points in human nature and not to allow the bad to drive the good from our mind. We need a greater sense of proportion; more faith (tempered by careful observation); less cynicism and more reasoned optimism. Above all we need to look at facts rather than personalities. If a thing is right, it is right whoever may propound it. To refuse to support a policy in which you inwardly believe just because some of its supporters are personally repugnant to you is no more reasonable than to refuse to go to church merely on the ground that a man in the choir sings or used to sing out of tune

We need therefore a little more human charity. We need, above all, faith in human nature. Without such faith progress will never attain the highest results. Pessimism and cynicism are the twin sons of the Devil of reaction.

CHAPTER III.

Towards the Better Distribution of Wealth.

WE discussed in the last chapter exterior conditions, which must essentially be secured through the peace terms, and the development of after-the-war Imperial policy, if ordered social progress is to have a chance of real success. We indicated also the change in the national attitude of mind, in the intellectual and mental atmosphere, which is equally desirable. Assuming such conditions, and trusting in the gradual change of atmosphere, let us attempt to glance at a few great national problems in the spirit of honesty and disinterested courage, which must be the characteristics of a real New Liberalism.

Probably the most elementary and fundamental of all post-war domestic problems is that of a better distribution of wealth, or, in other words, the attainment by the poorer classes of a larger share of the good things which, on the material side, life has to offer. It is also, by its very nature, the thorniest and most controversial. It arouses bitter and dangerous passions at both extremities of the social

ladder. It inflames feelings of greed on the one hand and selfishness on the other, both of which qualities parade, even very often in the minds of their exhibitors, as honest convictions of right and justice. Tenacity of possession among those who have, and desire to obtain among those who have not, are two elemental traits of the human character. It is therefore an exceedingly difficult matter to approach the question at all without immediately creating an atmosphere of heat and prejudice, in itself calculated to treble the difficulties of solution.

To ignore these difficulties is not only cowardice but folly; no helpful word can be said on the problem by anyone who does not honestly face and continually bear in mind the immeasurable differences of view and the equal strength of desire and conviction possessed by the opposing forces, which, for the sake of brevity, we may describe as "those who have" and "those who have not."

The reception of the Lloyd George Budget, 1909, by the well-to-do classes will be within the recollection of all. That Budget proposed to place chiefly on the shoulders of the rich a burden of extra taxation (which in the light of the huge figures of War finance now seems puny), mainly in order to provide for increased naval expenditure. It was greeted with a tremendous howl of execration from the well-to-do classes in this country. It was "robbery" and "confiscation," it was "robbing the henroost," it was "killing the goose that lays the golden eggs,"

and so on. In these howls of execration the voice of mere selfish "dog-in-the-manger," of course, had a part; so had the voice of purely partisan agitation. But, if we are to be honest we must candidly admit that some of the loudest protestations came from the heart of true conviction, and were born of perfectly genuine apprehensions. Many of those who said that the chief principle of taxation embodied in that Budget—that of discrimination against the rich man—was "outrage of common justice," "spoliation," and so on, really meant every word they said, and really felt it to be nothing but the absolute truth. If we cast our minds back to that controversy of nine years ago we shall readily realise how inevitable it is that the mere mention of phrases like "conscription of wealth" or a "capital levy" should be *anathema maranatha* to the great majority of the richer citizens of this country. Nor is such an attitude based solely on selfishness, whether conscious or unconscious; it has a far more solid foundation on real fears of the "disruption of society."

Turn next to the attitude of organised Labour. In support of the righteous cause for which Britain entered this war they have step by step surrendered every cherished privilege of freedom and protection. They have accepted Conscription. What can be more natural than that they, seeing the lives of their sons and brothers conscripted, should demand that the rich man's wealth should be commandeered equally with the poor man's life? In making such

a demand they are possibly apt to overlook the fact that the lives of the rich of military age have been conscripted also. But the contrast between the conscription of life and the voluntary loan of wealth at a remunerative rate of interest is sufficient to give them an honest conviction that in demanding "conscription of wealth" they are merely asking for an equality of sacrifice, suggested by obvious canons of elementary justice. In the main they probably think also that they are demanding something which can perfectly easily be granted without any danger of ruin to the country. Knowledge of economics is not sufficiently widespread for us to be able to expect any general realisation among the toiling masses of the extreme danger and delicacy of the financial considerations involved in the carrying out of any such policy as they advocate.

Thus this controversy on the question of a "better distribution of wealth" is clouded, obscured, and embittered from the outset by ignorance, fallacies, bogeys, and ambiguities. If we probe down to the bedrock of economic fact we shall find that more than half the public discussion of the matter is unreal. On the one hand a clear elementary exposition of economic facts and possibilities should be sufficient to persuade extreme Labour, or at any rate moderate Labour, of the hopelessly Utopian nature of any demand for equalisation of wealth. On the other it should not be impossible to prove with equal clarity and simplicity to the well-to-do

that great steps can be taken towards the better distribution of wealth without outraging justice or giving play to confiscatory policy.

The two opposing points of view—of "Capitalism" and of "Labour"—both rest to a large extent upon a pernicious fallacy that the "wealth" of the country is a certain definite and constant thing, and that to give a larger share of it to one class entails a corresponding degree of penalisation of another. To that I will return in a minute. But before concrete matters are approached, surely it should be easy to dispel some of the poisonous atmosphere of misunderstanding with which most discussions of the subject are so unfortunately befogged. To approach the question in a conciliatory atmosphere is to start halfway on the road to success. Let us look for a moment at the views of the extreme man at either end. The one may say: "Possession is nine-tenths of the law. What I have, I hold." The other: "The power of organised Labour is swelling lustily; if you won't disgorge voluntarily, we have the force necessary to compel you, and we will use it." Now let each of these men be politely reminded that they are fellow citizens of a great nation and have been working together for four years hazarding everything in the cause of "right versus might." Is either, as soon as peace is restored, really going to turn right round to the adoption of the Prussian motto "Might is right" with regard to domestic affairs? Neither, surely, would venture on such ground.

Let us go a little further. Select any fortuitous group of "capitalists" you like, and put to them this question: "After all that has happened in this country and throughout the world during the past four years, are you prepared to enter upon peace with the determination to deny to the poorer classes a greater share in the good things of this life than they had before the war?" If we have any faith at all in the genuineness of that patriotism which has found such free expression during the war, we must believe that the answer would be an emphatic, if conditional, negative. Turn back to the other extreme. Go to any working-class audience. Explain simply the actual results in Russia of the Bolshevik policy of confiscation and grab, and ask whether a policy that is proved to have such results is conducive to the greater happiness of the people as a whole? There can be no doubt of the answer from any sane audience.

On this point it is worth noticing the opinion of a great American Labour leader, as reported by a Washington cable, in the *Morning Post* of February 26, 1918—

> "The following incident is typical of the spirit prevailing among those men in the Labour ranks whose influence really counts. A few days ago a prominent public man said to an equally prominent Labour man half banteringly, but with an undercurrent of seriousness: 'I suppose after the war you people will levy on

wealth and appropriate capital to the common good, and the men who now have money will have to come to you for jobs.' To which the Labour man replied with all seriousness: 'That suggestion might have received a good deal of support a few years ago among Labour men, but the events of the last few months have shown us that it is impossible.

'We see that society cannot exist in a state of anarchy, that Capitalism cannot be destroyed unless Labour also is to be destroyed, that the Marxian declaration that all property is robbery is untrue, that the theoretical belief in the distribution of wealth on a common and equitable basis is impossible. That much the Bolsheviki have taught us, and we see nothing in what they have done and the ruin and mischief they have caused to convert us to their extreme views. Labour still believes it should be accorded its just rights, that it should not be exploited, that it is entitled to a fair reward for its toil, as well as decent treatment and conditions, and that it ought not to be used as a means by which a few men gain enormous wealth at the expense of the masses, and for these things it is ready to fight with legitimate weapons not only now but after the war; but Communism and Socialism have lost their attractiveness. We have seen a great experiment tried in Russia, and it has opened our eyes.' "

That may be an exaggerated view—at least in its application to this country—but it is a hopeful portent.

The task of educative work directed to removing misapprehensions and creating a true perspective is a great duty waiting to be performed by a new Liberalism. To point out the practicability of the middle course between two extremes should be its great opportunity. And one of the most formidable misconceptions which requires eradication is, as I suggested above, the idea that national wealth and income are constant. The fallacy is patent if we begin to think about it. Consider for a moment the perfectly fair analogy of a family and its earnings. Suppose the family to consist of five persons—mother, father, two daughters and a son—of whom only the father and son go to work, and earn between them £3 a week. Is there no hope of this family increasing its income without appropriating the wealth of its neighbour? Of course there is. If the father and son by a gradual process of education, or through any means conducing to that end, become more efficient, their wages will rise, because they will be able to *produce more*. In addition, the two daughters may undertake work which will bring in money. So the income of the family will be perhaps doubled. It will be doubled because, as a family, its members, through doing more work or becoming more efficient, have been able to *produce twice as much*. So it is with the nation, which, after all, is only a great

aggregation of families. Very broadly speaking, the nation's power to increase its income is only limited by its power to increase its production. The question of income from what is commonly described as "unproductive" work may be left aside for the moment, so as not to confuse the main issue. The first great step towards making a better distribution of wealth possible is to increase wealth, and the only royal road to the increase of wealth is by the increase of production. That is the great truth that we have to bear in mind.

Now, no one who reads the lessons of the war can doubt that the pre-war production of the nation can be enormously increased in the coming days of peace. For purely war purposes the increase of productive capacity has been prodigious. Much of this capacity can be more or less easily adapted to the purposes of peaceful commerce. But we still have great lessons to learn in the efficiency of production. In the use of machinery and of electric power, for instance, we are a terribly long way behind the United States. The authors of that striking book "Eclipse or Empire" demonstrate this very clearly, and the fact is not sufficiently realised by the public. It is an aspect of the problem which merits urgent consideration.

Most of all, perhaps, increased *incentive* to production is required, and the discussion of that raises problems of hours of work, of profit-sharing or co-partnership, which must be set aside for separate

consideration Suffice it here to reiterate that national production, and consequently national income and wealth, can be, and must be, enormously increased. If we once get that truth firmly implanted in the public mind, it will be clear to all who are capable of connected thought that the idea of a "better distribution of wealth" being merely a forcible redivision of a certain amount of existing wealth is a fallacy. The essence of the problem is to increase production by every possible means, and to ensure that Labour is given a generous interest in the results of the increase.

That is one aspect of the question. There is another which presses itself with even more immediate urgency upon our attention. Bluntly it is this. Labour sees that after this war we shall be saddled with an enormous national debt, to pay interest upon which will entail most burdensome taxation over a long series of years. It has a rough-and-ready remedy, "Conscript wealth and pay off the national debt." The Capitalist answers: "It is impossible in the first place. And in the second place, if it were in any way carried out it would utterly ruin every industry in the country." Now, whether the Labour demand, quite apart from questions of economic expediency or practicability, is or is not based upon strict justice, it is not my purpose to debate. The real point to dwell upon is this, that we have here the best possible illustration of the grave danger which threatens the country from the clash of two extreme and utterly conflicting views.

That a "capital levy" for the specific purpose of paying off a large slice of the National Debt is a policy which looms big in a host of working-men's minds is a fact beyond contradiction. There is no need to quote chapter and verse for it. It is explicit in scores of Labour resolutions. But to show the nature of the opposition it may be as well to quote one representative illustration. Speaking on February 13 of this year,* Lord Leverhulme is reported to have said:—"The so-called conscription of wealth would be an assassin blow at the heart of the British Empire." It would, he said, undermine the public confidence in Governments, it would ruin our industries, and so on, and he continued:—"If we, as British citizens, cannot realise these truths, then we are in greater peril than if the Prussians had landed on our shores and were marching through an undefended country on defenceless cities and towns. The British Empire might recover in time from defeat in war, but the British Empire never could recover from its own default to repay its War Loan indebtedness. The repudiation of debt, or the so-called conscription of wealth, would be an assassin blow at the very heart of the British Empire. But even if it were a practical and honest policy there would be two questions still that would arise and require to be answered: How could such conscription be accomplished, and what would it yield?"

Then the speaker plunged into a lucid review of

* See *Daily Chronicle* February 14, 1918.

economic difficulties, and very soundly pointed out the great importance of stimulating and not crippling production of wealth.

The solution of this deadlock between Labour and Capital surely lies in a middle course, a *via media* which can combine practical consideration with an avoidance of many of the drawbacks which frequently make a compromise ineffective. To see our way to the middle course it is necessary to study at least a bare outline of facts and figures. It may be calculated that if the War ends at the close of the present year we shall have a National Debt on which interest must be paid, and for the redemption of which we must prepare, of at least £7,000,000,000, after making the most generous allowance for loans to our Allies and Dominions and realisation of floating assets. At a rough computation the interest charge on that debt will be £350,000,000. Add to that £70,000,000 for pensions, bringing the sum to £420,000,000. Then there is the cost of peace administration. Even taking the most hopeful view of the peace bringing disarmament, few people, I imagine, would venture to hope for a reduction of more than £50,000,000 in pre-war Army and Navy Expenditure. Even if we are optimistic enough to take that figure, we have to allow on the other hand for new schemes such as education, afforestation, etc. (which will eventually be remunerative), and for the effect of higher prices, and these contrary factors will certainly more than swallow up the £50,000,000

that might conceivably be saved on armaments. We shall not err on the side of extravagance, then, if we add £230,000,000 for peace administration. That leaves us with a Budget of at least £650,000,000. Without going into detail one may say that that figure can only be suggested as the most favourable estimate possible. Now, that may not appear so large when we see our national revenue estimated for the current year at £842,000,000. But we have to remember that ordinary taxation is now at a level that would weigh very heavily in peace time, and that the greatest revenue raiser—namely, the Excess Profits Duty (which is estimated to produce £300,000,000 this year), is by its very nature a war duty. Heavy arrears of yield will perhaps continue to come in for a time after peace, but the duty must be taken off and the yield will quickly dwindle away to nothing. Moreover, during the period of peace when its yield continues it will be swallowed up many times over by demobilisation expenses.

Many and various are the plans proposed by financial pundits for meeting the situation, and among them a radically reformed income-tax is perhaps the favourite. But we cannot feel any wonder at all, when we examine the enormous Debt figures (which I have purposely under- rather than over-stated), that Labour should at once declare a "capital levy" to be "necessary" as well as "just." In seeking a "middle course" solution, should we altogether rule it out? I certainly think

not. The advantages of getting rid of a slice of the Debt and thereby lowering the level of future taxation will accrue to the rich as much as or more than any class. No one who would be subject to the levy would like it, of course; but all should realise that they are faced with the choice between two evils—a lump sum sacrifice now or heavier taxation in the future.

But there is a stronger argument than that. Some form of capital levy, undertaken with the consent of the richer classes, would stand out before the world as a spectacular act, a striking exhibition of the realisation of the calls of patriotism and responsibility. Such a policy would blunt the swords of the wild men of the Socialist extremists. It might even afford the only escape from the dilemma of revolution or repudiation. Having said so much, let us at once acknowledge that anything like a £5,000,000,000 or £6,000,000,000 levy is little short of mere economic moonshine. It is absolutely beyond the bounds of practical possibility.* The brief report of Lord Leverhulme's speech (referred to above) gives in a few words the outline of the position :—

> "The speaker showed the impossibility of conscripting wealth 'to the tune, say, of

* Nevertheless, readers would do well to study Mr. Sydney Arnold's able exposition of a £6,000,000,000 capital levy in the House of Commons. (See Hansard for April 23, 1918.) Many of his defensive arguments are the more applicable to a levy on a smaller scale.

£4,000,000,000, our war loan indebtedness.' This wealth was represented, not only in factories, workshops, machinery, ships, horses, cattle and sheep, but in furniture, pictures, china, works of art, houses, land, railways, etc. It included the savings of the frugal father for his widow and children, equally with those of the millionaire.

"In times of peace we know the depreciation which takes place when trustees are forced to sell some portions of an estate in order to pay death duties. So it was clear that no market could be found for £4,000,000,000 of conscripted wealth at what one might call par value, and as practically everyone with wealth would be sellers and there would be almost no British buyers, it is only reasonable to say that the £4,000,000,000 of conscripted wealth would not realise in cash as much as £400,000,000. It would be almost valueless and unsaleable, and therefore not available for the purpose intended of repaying War Loan. The confiscation of wealth would carry the country icebound below zero."

'Icebound below zero" may be the language of picturesque exaggeration, but that some truth underlies these few words will be acknowledged by most students of economics.

But as the figure contemplated descends the scale it approaches the realm of possibility. All the

spectres of depreciation, universal selling, vanishing values, etc., decrease in size as the figure declines. I do not propose here to attempt to indicate the figure at which possibility merges into economic expediency. That is a question for chancellors and high experts. But that such a point exists and should earnestly be sought for I firmly believe. And it should be sought for the more earnestly because, in my belief, the mere adoption of the policy in some substantial, if limited form, would build the first span of the bridge over the yawning gulf which threatens to divide "Capital" and "Labour" after the war. Let us remember, too, that comparatively substantial levies have been made before in modern civilised countries. There was, in fact, one in Germany shortly before the present war.

Enough, perhaps, has been said to show that the vital question of a "better distribution of wealth" raises numerous issues which require volumes to themselves. I have confined myself to an attempt to show, firstly, that the crux of the whole question lies in the increase of production; secondly, that the formidable figure of national finance after the war, viewed in the light of the general social outlook, demand a bold and spectacular, yet strictly practicable policy. Any party or body of leading men, who set out to frame a policy for the "better distribution of wealth," with the two general ideas that I have attempted to outline, as the basic planks of

their platform, would, I am convinced, command the support of a very large mass of moderate men and women in this country. And such a party might well form a bulwark against revolutionary measures. What is chiefly required is a great new force to balance the two extremes, and above all more light and less heat in public controversy upon these matters—more honest and courageous facing of unpleasant alternatives.

CHAPTER IV.

Individual Liberty and the Relations of the State to Industry.

ONE of the earliest and most urgent tasks that will call for the immediate action of the new democracy after the war, is to untie the knots and tangles tied during the war in the skein of our national life, pending the unravelling of which little progress can be made with straightforward additions to the social fabric. During the war, liberty of speech and freedom of writing have disappeared. Personal individuality has been entirely merged in corporate submission. The State, as represented by the few men composing the inner Government, has claimed and exercised the right to dictate to all citizens, not only what they may or may not do, but also what they may or may not write or speak—one might almost add, what they may or may not think. Whether or not the war Governments have gone, as some hold, immensely beyond the requirements of necessity or the dictates of prudence in these matters is a question which I am not here concerned to discuss. The only thing that is germane to our discussion is that at the end of the war

we shall find, as now, the Defence of the Realm Act bestriding like a menacing colossus every path of individual daily life into which we may turn our steps.

Now, the very day that the war ceases the reason for the vast majority of these restrictive regulations will pass away. To abolish the Censorship of writings, of letters, and of speech, and to repeal D.O.R.A., or most of her, must be one of the cardinal aims of the New Liberalism. All restrictions, however, on personal liberty cannot be expected to disappear in the twinkling of an eye. There will for some time after the peace be a world scarcity of food and shipping, and there will consequently remain for some time a necessity for food rationing and a certain measure of Government control over imports and exports. With regard to these still necessary restrictions and their duration, the policy of the New Liberalism is clear. It must demand that they shall be as few and as narrow in scope as is consistent with national safety, and as short-lived as circumstances permit.

But with regard to Censorship and questions of freedom of speech and freedom of action outside a few specified spheres, no real Liberal can have a doubt as to policy. There is no possible place in a real Liberal movement for any man or woman who is not whole-heartedly devoted to the principle of absolute freedom of personal expression of opinion whether by mouth or by pen. Outside the Censor-

ship there exists, and will exist when peace arrives, such a host of other restrictions on personal liberty, which will require repealing, that the "Repealers" suggests itself to some as a name for the new party of progress. The discovery of a new name is certainly desirable, for every old party cognomen is suspect and tainted. But the title of "Repealers" is too destructive in its implications. The new party comes not so much to destroy as to rebuild. And to those to whom the "New Liberalism" sounds a suspect title, because of mental associations with the old pre-war Radical party, I would remind of the highest and truest meaning of the term. Real Liberalism exists, perhaps disorganised and unvoiced, all over this country, and, indeed, the whole civilised world, and we should not allow the name to die away because of unsavoury memories of certain politicians and pressmen who have prostituted it in the recent past.

Now, we could not make any more dangerous mistake than to suppose that the restoration of human liberty in this country will come about after the war without a formidable struggle. We have to remember that a powerful and swollen bureaucracy will at the end of the war be firmly ensconced in the saddle in this country. Thousands upon thousands of "Jacks in office" have been created during the war. We shall find them, when peace returns, clinging desperately to their new powers, jealous of any reduction in their petty authorities, fearful of any

action that may rob them of their comfortable livelihoods. It is only human nature that it should be so. To these hosts of officialdom D.O.R.A. and her hundred-and-one regulations are meat and bread. D.O.R.A. is their goddess, their *raison d'être*. Therefore, to get rid of D.O.R.A. and all that she implies will involve a fierce struggle against an entrenched opposition fighting for its very life.

Some astute observers make so high an estimate of this bureaucratic opposition that I have heard it said that every battle of human liberty in this country will have to be re-fought and re-won after peace is restored. That may be, and I believe is, an unduly pessimistic forecast. Nevertheless, let us at any rate not make the fatal mistake of underrating the powers and forces of reaction. Let us remember that the Prussian doctrine of State efficiency has taken deep root among the bureaucratic classes.

It is extraordinarily difficult to draw a line between State interference with personal liberty and State interference with industry, production, transportation, etc. Yet upon this second type of State interference or control the New Liberalism cannot afford to be without a clear-cut policy based on general principle. There are many points in the life of every citizen where these two spheres of State interference merge into one another. Let us look for a moment at one prominent question in which both types of State interference come into play.

State purchase and management of the Liquor Trade is advocated by two types of supporters, each from an entirely different point of view. One type, seeing the huge profits made by the Trade during the war, scents an opportunity for lucrative State enterprise. The other type advocates State purchase as the first step towards drastic temperance legislation. The one has in mind the nationalisation of an important industry; the other sees a chance to interfere with the drinking habits of the population of these islands. The object of the one is interference with an industry; the object of the other interference with the individual. The policy, if carried out, entails interference with both. The first aspect may be left aside for the moment, for the whole question of the relations between Government and industry will come up for brief discussion later in this chapter. But it is worth while to spend a few moments' thought on the subject of State interference with personal liberty as regards consumption of liquor. It is a test case of our belief in the fundamental principle of individual liberty. Everyone must be perfectly aware of the evils of excessive drinking in this and other countries—the waste, the destruction of health, the crime, the inefficiency, the ruin of family life, the poverty to which it leads. Evils arising from the abuse of facilities for drinking alcohol are indeed so great that it is not in the least surprising to find a very strong body of opinion in favour of State control and restriction in the

interests of sobriety. But is this policy the soundest way of tackling the drink problem? Is it possible to claim that such a policy is in conformity with the highest Liberal ideals of freedom? The problem really resolves itself into this dilemma. Is it the duty of the State to prevent us from drinking to excess? Or, on the other hand, are we to affirm the right of the British citizen to get drunk at pleasure? If you accept the former proposition you admit the right of the State to interfere with every consumer of alcohol; and, of course, an enormous preponderance of these consumers are very moderate and careful drinkers.

This is a very serious question, and one upon which feeling runs so high that it behoves one to choose one's words very carefully. I would therefore ask the temperance reader, who may have followed me so far, not to close the book in horror after the next sentence, but to read to the end of the paragraph. I cannot see how in a general way we can, if we believe in individual freedom, logically deny the "right to get drunk." We condemn drunkenness morally, but can we allow the right of the State to dictate to us what our morals are to be? If through drink a man or woman commits an offence against the safety or welfare of other members of the community, we admit the right of the State to exact penalties. Such action is essential for the protection of all human societies. But that is a very different thing to admitting the right of the State to prevent

an act that may or may not result in offences to others. To approach the problem with the sole idea of preventing abuse of alcohol by coercive means seems to me to be starting at the wrong end of the stick. National sobriety is a high aim of all right-thinking people in the community. It must necessarily be a high aim of the New Liberalism. But to take coercive means, to try to make the nation sober by an Act of Parliament which incidentally will interfere with the perfectly legitimate and reasonable consumption of a large part of the population is the wrong way of aiming at the desired goal. What is the alternative? The alternative is to analyse the causes of excessive drinking, and to remove them as far as possible. No one who has studied the question will dispute that the following are among the chief causes of intemperance :—Disgraceful housing conditions, overstrain from unduly long hours of toil, the dull, hopeless monotony of the life of the toiling masses. To remove these causes will be to solve the drink problem. Make the homes of the working classes real homes with a modicum at least of physical comforts—and this, of course, entails a rise in the level of wages sufficient to permit the payment of an economic rent—and the men and women who inhabit them will not wish to leave them in order to sit through a long evening in a comfortless "pub" bar. Much might also be done by the encouragement of proper recreation and by the provision of greater opportunities for the spending of leisure

hours. This applies, perhaps, especially to rural districts. Shorten hours of work, at any rate in industries where excessively long time has been worked, and much of the craving for excessive drink will disappear. Give the worker a definite financial interest in the success of his work, and the deadly dull monotony of his work will vanish, and with it an incentive to heavy drinking. It is on those lines that the true solution lies, in removing causes rather than in suppressing evils resulting from them. That surely is a fundamental doctrine of true Liberalism —to seek out the root cause of evil and eradicate it.

Another question which lies on the border line between interference with individual freedom and interference with industry is the question of Government attitude towards Trades Unions. For the sole purpose of national efficiency for the production of war material Trades Unions have patriotically surrendered cherished privileges, hard-won through years of patient struggle, and time-honoured rules and protective regulations. Many of these privileges and rules were, perhaps, bad, perhaps tyrannical But they were surrendered under a pledge of complete restoration, and that pledge must be fulfilled to the letter. The restoration of these privileges will include the restoration of the " right to strike," the most vital weapon of defence.

But Labour must remember that employers, too, with equal patriotism have, for the duration of the war, put themselves entirely under Government

control. They have an equal claim to the restoration of freedom. If "Hands off the Trades Unions!" is a just cry, so is "Hands off the employers!" Both employers and employed must be left by the State to work out their own salvation, the chief avenue to which is that of better organisation of both parties. This topic will be further discussed in the next chapter. The State's proper rôle in this matter is not that of dictator but of sympathetic onlooker and helper. Any attempt by the State to enforce agreement between Capital and Labour would be as futile and disastrous as an attempt to dictate to the people of another nation the form of constitution under which they must live. That road, at any rate, does not lead towards industrial peace.

Consideration of these "border line" cases brings us to the great problem of the relations between Government and industry. I submit that the only policy consistent with the true spirit of Liberalism is the completest possible freedom for private enterprise and free play for individual competition. To this broad generalisation there must be important exceptions. But let us leave those aside for the moment, and look at the general aspect of the question as it will present itself when the war is over. On the general question we shall have a strange regrouping of forces. On the one hand, we shall have Official Labour advocating an immense programme of nationalisation, and a continuance of Government control in many branches of industry. For a

succinct description of the State Socialism advocated by official Labour I would refer the reader to Mr. Arthur Henderson's "The Aims of Labour," pages 100 to 102. The proposals there contained are very sweeping. Now, this doctrine of State Socialism will be exploited and supported for all it is worth by our new bureaucracy for exactly the same reasons that the bureaucracy will fight in the last ditch for D.O.R.A., or as much of her as they can have any hope of rescuing. Bureaucracy and official Labour is a powerful combination, and it will be reinforced by that class of politician who is so infatuated with the idea of State enterprise that he wishes to extend its scope all over the Empire. This school is best represented by the "Empire Resources Development Committee," of which the late Sir Starr Jameson, Mr. Wilson Fox, M.P., and Mr. Alfred Bigland, M.P., have been the most active organisers. On the other side, in opposition to this principle, are, it is safe to say, a very great body of employers, business men, shipowners, professional men, and merchants. It would seem, at first glance, that the forces are unequal, that bureaucracy and Official Labour are bound to have their way, and that the country is therefore foredoomed to nationalisation running wild, and to what is called "control of industry by democracy." I believe that to be an entirely erroneous reading of the situation. Advocates of nationalisation are very vocal, but I cannot bring myself to believe that on this point at any rate

Official Labour voices public opinion. In daily contact with all manner of men I find no suggestion that it is so. On the contrary I believe there is a strong and growing mass of opinion to the effect that Government control (though the experiment was perhaps inevitable in war) has proved a complete failure, and that the lessons of the war are entirely damning to the principles of State Socialism. The great public usually views these matters from the point of view of the consumer, and the consumer is not satisfied. In railway carriages, and indeed in many chance meeting-places of common "men-in-the-street," it has been my experience to find an amazingly unanimous condemnation of the results of Governmental interference with industry and business. I fail to see any reason for thinking that the events of the last four years have persuaded the public mind of the superiority of Governmental over private control. Some, of course, will argue that wherever the Government has not stepped in firmly the consumer has been bled by the profiteer. But so-called "profiteering" has been made possible by the extraordinary circumstances of war. With the gradual restoration of normal conditions after peace the circumstances leading to the piling up of exceptional profits will pass away. The revival of unhampered competition will restore the balance. And, after all, if, as the New Liberalism cannot but advocate, arrangements are made between Capital and Labour giving employees a direct

and substantial interest in results, does not the earning of good profits take on rather a new complexion?

One ground on which State Socialism is advocated freely by its devotees is that it will remove the parasites working in the intermediate stages between the producer and the consumer. Mr. Leo Chiozza Money, M.P. (now Sir Leo) developed this theme with considerable thoroughness in his book "The Future of Work," which was published on the eve of the war. But surely the war has taught us this, that if you get rid of the intermediaries through Government control, it merely means replacing them by hordes of officials, a great deal less capable for the work in hand than the men trained from early youth to the specific business. This point of view is strikingly developed in the *Economist* of January 26, 1918:—

"The plain truth is that at the present time Government interference with trade is more unpopular with men of business than at any time within living memory. Merchants who have spent years in working up a connection and goodwill and would be delighted to place their special knowledge at the country's service, find themselves slighted and put down by civil servants without knowledge or experience, have to stand by while their work is done less efficiently and less economically by the bureaucrats, and the goodwill of their business is in danger of being permanently destroyed. That the complaint does not spring from mere self-interest is proved by

the very damaging report issued last autumn by the Special Sub-Committee to the Commercial Committee of the House of Commons on 'Government Control of Trade.'" The report states :—

> The Government have erred in not employing the existing channels of trade—particularly merchants and distributors—to carry out their purpose. There is much evidence of dissatisfaction over the threatened ruin of business organisations which, if another course had been followed, might have been avoided. There seems little doubt that if import merchants and distributors had been more largely employed they would have given their services and experience for an almost nominal consideration, and prices in many cases would not have risen as they did.

Having expressed this opinion of its own, the Sub-Committee adopts the words of a resolution passed by the Liverpool Chamber of Commerce in October :—

> We protest against Government interference with the legitimate merchant in the pursuit of his business, and would warn the Government that any attempt to eliminate the merchant and the employment of his capital, experience, and technical knowledge will bring disaster to the commercial prestige of the country, and form one of the greatest assets to our enemy that they can desire after the war.

This very plain speaking (endorsed by a House of Commons Committee) is obviously to be associated with the activities of the young missionary who was last year preaching the gospel of kartels for English industry on behalf of the Board of Trade, but it is supported by instance after instance of the futility of Government control drawn from the experience of different departments during this war. Food naturally is prominent, for in nothing has bureaucracy failed on a more magnificent scale. The beef famine is prophesied three months before it arrives, and the figures given prove exactly how it must come about. Potatoes, tea, beans, sugar, produce are all articles of food in which, according to the appendices of the report, supplies have been diminished "through Government interference and through Civil servants trying to do the work of the merchants and to force trade along channels marked out for it in Whitehall. In face of these failures, the departments are still pursuing their old course, and enormous power to continue their interference after the war is put into their hands by the Government's Imports and Exports Bill, with perhaps the control of foreign trade for a period of three years after the coming of peace. It is suggested, however, that if our behaviour is satisfactory the sentence may be mitigated before the whole term has been worked out.

One effect of this bureaucratic attitude towards trade has been to drive British merchants into federations for the protection of their own interests, and at

a recent meeting in Birmingham the metal trades associations of the country arranged for federation among themselves and affiliation with the metal section of the Chambers of Commerce. It was an instructive and free-spoken gathering, which might have been attended with advantage by some of our Board of Trade officials in their search for "knowledge and experience." The prevailing note was suspicion of Government interference: Most of the speakers have in this war made great sacrifices for the common good. They have consented to restrictions of all kinds, given away information from the innermost recesses of their business, and watched their connection and goodwill pass out of their hands, perhaps for ever. For the sake of the war they would consent willingly, but the cry goes up, "When peace comes, for God's sake leave us alone."

With the merchant we devoutly hope that the newly-organised Board of Trade will take a modest view of its own powers, leave as much freedom of action as possible, and drop the control of British trade at the earliest possible moment. It appears to be the aim of the Board to become the helpful partner of British business men—a well-intentioned scheme. But unless the helpful partner is very careful the business men will feel inclined to treat him as Plato would have treated the mimic and the acrobat—crown him with garlands and congratulate him on his accomplishments, and then lead him to the gate of the city and bid him never return again."

That is a powerful and well-informed indictment. The article quoted refers to a side issue, namely, Government action towards the formation of "Trusts." Now, with Trusts and kartels, as anyone who has read any economic history of Europe or America must admit, Liberalism can have no truck. Trusts are not formed out of consideration for the interests of the consumer. From their formation, it is the common experience, the great mass of consumers suffer. There is no room for such monstrosities in the coming democracy.

But to return to the main theme. There is, to my mind, every sign that when the war is over the cry will go up from all over this Government-ridden country, "For God's sake leave us alone." If the New Liberalism preaches from that text it will be consistent and will not find the doctrine unpopular.

It is worth while, perhaps, to glance at some of the strictures passed upon Government control at company meetings in recent times. The words come from men who may, perhaps, be suspect (to our Labour friends) as "capitalists," but no one can deny that they are permeated with knowledge of their subject. Here is the concluding sentence of Lord Inchcape's speech at the P. and O. meeting last December:—

"If it should be evident . . . that it is the intention to wipe out private enterprise and to turn the British mercantile marine into a State Department, managed by officials tied up with red tape,

then we shall distribute our resources among our shareholders, after making proper provision for our employees, make our bow, and let the curtain fall on what has hitherto been the supremacy of British mercantile shipping on the Seven Seas."

Now, Lord Inchcape may be a biassed capitalist, but he is probably the greatest authority on shipping living in this country, and has had the most intimate knowledge, from day to day and from week to week, of the way in which the Government has managed shipping. Turn to a very different branch of industry, the boot and shoe business, and see what Mr. T. J. Lennard, J.P., says of Government control :—

> No one has a right to expect business will be "as usual" during a great war, and we are all prepared to make sacrifices to the end for a victorious peace, but the inefficient, procrastinating results accruing from the newly-created Government Departments in dealing with industrial concerns is most deplorable.

Later in his speech Mr. Lennard is reported to have said :—

> "How long are the trading communities of this country going to submit to a control which is useless and unreasonable, which adds Government Departments without counting cost, instead of bending all its energies to secure the great victory?"

One more instance will perhaps suffice. Speak-

ing at the annual meeting of Peek Brothers and Winch, the well-known merchants, Mr. Edmund Burke, after speaking of the handicap of "the erratic interference of neurasthenic officialdom," continued :—

> "One of our learned London magistrates recently put the case very tersely and truly. 'We are all toads,' he said, 'under the harrow of a well-meaning Government.' Some of the toads have expressed to me their doubts even of the alleged good intent. But there is no doubt whatever about the harrow. In the midst of war abroad the Government are making war upon trade at home. They have restricted our imports and exports. That may be necessary. It does not apply to cement for Holland; but then we deal in foodstuffs, not in goods of the cement class. We do not even touch Government cheese. But they have gone further than this. They have curtailed and impeded the distribution of food to our people at home. They may not have intended it, but that is the effect of what they have done. Perhaps you have heard that there is a Food Controller. He appears to have a good Press agent, who keeps him prominently in the limelight. Well, I am not going to utter one word against Lord Rhondda personally. He is a well-intentioned peer, who is trying to feed the people on printed forms. But he is struggling with an impossible

task and working with impossible tools. He is in the hands of officials picked up in the Temple, the clubs, or Heaven knows where, and placed in control of great trades requiring technical knowledge and experience of which they are utterly destitute. Lord Rhondda himself knows everything about coal and little or nothing about food. That is why they made him, not Coal Controller, but Food Controller."

Pronouncements in this tone by business men, who know all there is to be known about business efficiency in their own special spheres, might be multiplied *ad libitum*. Anyone who cares to spend an hour turning over the files of financial and commercial newspapers can add to these quotations at will. Will bureaucratic management be any less grossly inefficient in peace than in war?

But if we proclaim as our watchword non-interference with industry, we must frankly acknowledge that there are exceptions to this general rule. There are some things besides finance, national safety and the maintenance of law and order, which it is the business of the State to organise and manage in its corporate capacity. To draw the definite line where State interference should stop is, of course, a very delicate task. Let us acknowledge at once that there are some things too big, and some things too vital to be left to the caprice of private enterprise. Education is one, health (especially as affecting motherhood and

children) is another, armament production (see Chapter II.) is a third. It may be that in one or two cases independence of outside supply for certain "key" articles may be considered vital, and here perhaps the State is justified in stepping in. In exceptional circumstances, too, such as, for instance, in the transition period after the war, State interference with business and industry may for a limited time be essential to public safety.

Here, too, border line cases will obviously arise. Let us take one as a test case. The official Labour pronouncement, printed as an appendix to Mr. Henderson's book, particularly demands the nationalisation of the business of Supplying Electric Power. Now the institution of a cheap supply of electric power is a crying need of industry in this country; without it a drag will be put upon the desired increase of production. The Labour demand is based on a thorough and most valuable report on the subject issued by a sub-committee of the Reconstruction Committee. This report shows up clearly the utter inefficiency of our present supply and the chaotic method of its administration. The task of giving the necessary supply is set down as being too big a task for private enterprise.

Well, is it? Is there any reason for believing that the State will manage the whole business better than individuals who are experts in the business? It may, of course, be so, and for the reason that some legislation is necessary to enable the country to meddle

with the present chaotic system. If that is so, so be it. But such cases should be watched with a jealous eye. Let us not forget the results in the direction of efficiency that have accrued from the taking over by the Government of the national telephone system. Is that a good advertisement?

Cases where sound reason for Government interference with private enterprise may be made out arise, perhaps, here and there. Liberalism, while not denying that and not shutting its eyes to the possibility of important exceptions, must keep a jealous eye upon the encroachments of bureaucracy and stand fast to its main general principle of free play for private enterprise and full freedom for competition.

That, however, is by no means equivalent to saying that in the industrial developments of the country the Government is to take no part or interest. Certainly not. There is endless scope for experiment, assistance and encouragement, and research. In this direction we need far more State action than we have ever had in the past. The institution of the new Overseas Trade Department and the reform of the Consular Service are instances of what should be done for our export trade. At least on paper they are, though the efficacy and sufficiency of the changes may at present be the subject of the gravest doubt.

Nor would I have anyone leave this chapter with the idea that I would close the door to all legislation

with regard to industry. That, of course, would be an utterly untenable position. To see the absurdity of it we have only to think of the Factory Acts, the Shop Hours Act, the Juvenile Employment Acts, the Anti-Sweating Acts, and a host of other beneficent laws. Very frequently there exist crying evils in industry which are soul-destroying for the workers; to remove them is often the desire of employers, but no one can afford to run to expense in doing so for fear that other employers less high-minded will fail to do so and will steal a march upon him in relentless competition. In such cases State legislation to force the evil minority to do what the reasonable majority are willing and eager to perform is in no way inconsistent with the doctrine I have preached. But it is essentially desirable that such legislation should be promoted from the inside; that the demand for it should come from self-governing industry, and should result from conferences and agreements for the public good between capital and labour. Upon this vital question of self-governing industry, which entails joint councils of employers and employed, it is my purpose to touch in the next chapter.

CHAPTER V.

Industrial Self-Government and Industrial Peace.

I REMARKED in an earlier chapter that the eyes of the employers in this country had been opened by the shock of war almost as much as the eyes of the citizen armies. In one respect at any rate they certainly have been opened wide. There is now among the "capitalist" class a strong and growing realisation that through self-government of industry on democratic lines lies the only practical road to industrial peace. There is a better realisation, too, that in the absence of industrial peace, or at any rate a very substantial improvement in the pre-war relations of capital and labour, the industrial and social outlook for this country is decidedly unpleasant. The removal as far as possible of the causes of industrial unrest is an absolute postulate of progress on democratic lines, and the future happiness of the great masses of the people of this country. The only people who will deny that are the wielders of the red flag, the irreconcilable believers

in the divine blessings of bloody revolution; and their doctrine and their prestige has received a knock-out blow from the lesson we have just witnessed in Bolshevik Russia.

How are we to obtain this democratic self-government in industry, which is to be the bedrock of better relations between capital and labour? It is a question of machinery and of organisation. After four years of lusty and enduring patriotism on both sides, we are surely entitled to assume that in peace both parties will display the concern for the best interests of the country (that is the people) as a whole, which they have shown for the Allied cause in the war. The primary object of machinery and organisation is to bring capital and labour into close, sympathetic, and continuous touch with each other. Misunderstanding, suspicion, hair-splittings, have in the past been fruitful causes of industrial strife. Let there be no more such causes. Machinery must be devised that will bring employer and employed face to face continually discussing together frankly every problem that arises. Each will then be surprised at his failure hitherto to see any justice or reason in "the other man's point of view." It is, of course, mere dreaming to suppose that all differences can be eliminated, but it is safe to say that in the face of continuous and frank discussion of every difficulty on either side as it arises, a vast number of causes for disagreement will disappear. It is reasonable to hope for a spirit of mutual give-and-take and some

substantial degree of rapprochement. We all remember the impressive conclusion to Mr. Galsworthy's play "Strife," where the hitherto intransigeant leaders on both sides finally sign terms identical with those spurned by both sides at the outset without any proper consideration.

Joint bodies of employers and employed in continual touch, therefore, seem likely to afford the best opportunity of industrial peace. The old pre-war machinery of conciliation was little better than the system of locking the stable door after the horse has been stolen. Compulsory arbitration is utterly foreign to the spirit of the coming democracy. Co-operation between employers and employed remains the only hopeful avenue to be explored.

Exploration of this avenue brings us immediately to the practical question of machinery. Fortunately a very great step has already been made towards designing machinery. A committee of expert students of industry under the chairmanship of the Right Honourable J. H. Whitley, M.P., Chairman of Committees of the House of Commons, was appointed last year to consider the problem. The report issued by this Committee with commendable promptitude is by far the most important public document on reconstruction problems that has yet been issued. Moreover, the favourable nature of its reception in all responsible quarters of the industrial community is perhaps even more important and significant than the admirable text of the report itself.

Now, the educated, reading public, as I have had occasion to remark before, do not read Blue-books. The demand for the Whitley Committee's report has indeed been greater than for most Government publications, but it has not been anything like so widespread as it ought to be. Moreover, I am assured, more copies have been ordered from the trenches than by people in this country. This evidence that the fighting man is intelligently studying the problem is very welcome, and it ought to shame stay-at-homes into following their example. For the fighting man, however wise and great the opinions he forms, is inarticulate. He is denied the power of self-expression, and he looks to us at home to thrash out vital matters such as this and to pave the way for progress. It is our duty to him.

Ignorance of how easily Government publications can be obtained is still, I believe, one of the main reasons why they are so little read. Extreme preoccupation with war work precludes the study of anything that is not literally thrust under the nose of the man-in-the-street. For this reason I print the Whitley report in full as an appendix, in the hope that some readers, who may not have studied it, may thus have it brought before them. If this little volume does nothing else but to obtain a few more intelligent students of the Whitley report I shall yet feel that its compilation was worth while.

The report itself is so clearly and concisely written

that it speaks for itself. As a plan for industrial self-government, as a proposal of machinery for maintaining industrial peace, it completely holds the field at the present time. No alternative plan has yet been proposed which, to the average mind, can for a moment bear comparison with it. Therefore I appeal to all readers to turn to the appendix and read it for themselves. Read, mark, learn, and inwardly digest it. Read, re-read, and read again, remembering the vital human issues that hang upon the settlement of the questions for the composition of which it proposes the machinery. It is short. It is clear. Every sentence is straight to the point.

In the hope that any reader who has not already got the points of the report firmly in his mind will study it in the appendix before proceeding further, I propose to confine myself to a few observations upon the scheme which it outlines. In the first place the Committee approaches the problem from the point of view of the great and well-organised industries in this country. Here the material for improvising the machinery is ready to hand, and the task is easier. In providing machinery for the great industries they have broken the back of the problem. If industrial unrest can be made unlikely in the great industries, that is a tremendous step towards assuring domestic peace.

However, the proposals of the Committee have a further merit. They are essentially elastic and plastic. They are framed so as to be suitable for

adaptation to the needs of all industries. To work out the details of application outside the great organised industries is a further task, and subsequent official publications on the subject, as issued, can be obtained from His Majesty's Stationery Office, or through any bookseller. With regard to industries which are not well organised, the primary need is a growth of organisation—and this applies to employers even more than to employed.

The fundamentals of the scheme are to secure the proper election of really representative men in each industry, and, when such election has been made, to make sure that these committees are in real harmony with the Trades Unions on the one hand and the Employers' Associations on the other. Next in importance is that every phase of an industry should be represented. The machinery must consist of three sets of bodies, one representing the workshop, another the districts, and the third the industry as a whole all over the country. The last-named bodies —the National Councils—are first required. Through their guidance and advice District Councils, representative of Trades Unions and Employers' Associations in particular districts, and Works Committees, representative of the management and workers employed at individual establishments, must be set up. This triple method of organisation offers full play for the views and opinions of all stages of labour from the individual workman through the shop-steward or foreman and the Trades

Union official up to the Labour "leader," and of all types of employer from the small man up to the great capitalist. With continuous touch assured through all stages on both sides, agreement in each industry on the extraordinarily difficult question of the allocation of functions and powers to the various bodies ought not to be beyond attainment.

The object of the scheme, as the report points out, is to secure co-operation by granting to workers a greater share in the considerations of matters affecting their industry, and this can only be achieved by keeping employers and workers in constant touch. Therefore the suggestion that the various bodies should meet at regular and frequent intervals is of importance, second only to the actual constitution of the bodies.

Now, if such machinery can actually be set into motion in the great organised industries and adapted to meet the requirements of lesser or less organised spheres of activity, who can doubt the national blessings that will accrue? When any cause of dispute in any factory or workshop arises it can immediately be brought before the workshop committee, representative of both sides. The point at issue can be thoroughly discussed face to face, both sides putting their cards frankly on the table. If they are still unable to reach a settlement, agreement to refer the matter to the District Council or even eventually the National Council might at least be reached. This system assures (1) immediate frank interchange of

views on any difficulty that arises, (2) gaining time, and the prevention of sudden and ill-considered strike or lock-out decisions. Such a system would assuredly have eliminated a very large proportion of pre-war strikes and lock-outs—provided it were worked with goodwill and earnestness.

Apply the analogy of international affairs, which is really a very fair one. Suppose that in 1914 there had existed an International Council, with representatives of all peoples duly elected by and responsible to their respective parliaments; suppose that this body had immediately been summoned to discuss face to face, with cards on the table, the issues arising out of the Serajevo murder. Would this war have resulted? I do not believe so. And what applies to peace between nations applies to peace between capital and labour. Of course, neither this nor any other machinery can be expected to bring the millennium in industry. Unreasonableness and irreconcilables will always exist in some degree or other on both sides, and they will continue to cause trouble. All that I maintain is that the scheme outlined by the Whitley Report will reduce dangers of trouble to a minimum. Under such a scheme industrial peace will be *possible* everywhere, and, where it is not attained, the fault will lie definitely with irreconcilable persons on one side or the other.

There will, however, be many wiseacres who will shake their heads and scent social danger in these

proposals. Such arrangements, they will tell us, prepare the way for all sorts of tyranny against the consumer and the public generally by a particular industry, or for anti-social action. Of course, such a danger exists. But my answer to people, who would allow such fears to damn these proposals in their eyes, is two-fold. Firstly, what is the alternative? Are you prepared to take the terrible risk of going back to the old system? Secondly, have you no faith in human nature? The essence of democracy is faith in the prevalence of general good-sense in the majority, provided that hasty decisions are eliminated. Let us acclaim our faith in British industrial workers and employers as a whole to play the game. If in any instance either side refuses, and by refusing causes grave inconvenience or danger to the community, there lies beyond, as a bulwark, the great force of public opinion, which, since the new Reform Bill, will have freer expression than ever before through its elected representatives. We must have faith in that public opinion. "Trust the people" is the basis of all democracy; it is also a cardinal sentence in the creed of real Liberalism. Such faith it will be the duty of the New Liberalism to propagate. The nation which has won through these four terrible years is made of stuff to deserve it.

There is one more great requirement about this Whitley machinery. *It must be set up as quickly as possible.* The extreme pre-occupation with war

work is responsible for the fact that, though lip service has been paid to the report from all quarters, definite carrying out of the proposals is hanging fire. There is no time to waste. The machinery must be ready and in working order when the war ceases; for the events of the transition stage will call for it urgently. The shock of peace will be as great in many respects as was the shock of war. For Heaven's sake let us not all be found, when peace comes, groping about hopelessly after efficiency, in the way in which we were in the early days of war!

The Whitley Report deliberately avoids any pronouncement of opinion on such questions as profit-sharing, co-partnership, or particular systems of wages. But it suggests that all these and kindred problems must be among the first to engage the attention of the new committees and councils. For contributing towards the solution of these problems the machinery should be of vital service; and that brings us to the subject of the next chapter.

CHAPTER VI.

Profit Sharing and Increased Production.

IN the last chapter we saw the necessity for granting to the workers a proper and reasonable share in the management and conduct of the industry in which they are engaged. When once this principle of Labour's right to a proper share in management has been conceded it is a short and logical step to the acknowledgment of Labour's claim to an interest in results and profits. Two other main reasons make it extraordinarily important that the recognition of this claim should be generally made and acted upon. One is that the concession of a substantial share in profits is the most promising road leading towards that higher level of material well-being for the masses of workers which must be achieved if we are to have domestic peace and democratic progress. The second, that the incentive provided by a definite interest in results is calculated to play no small part in securing that increase in production which is an essential condition to the establishment of a really better order of things for the many.

Methods of procuring for the workers this "interest in profits" have been the subject of a great deal of expert and academic controversy. One authority believes in "co-partnership," but will hear no good of "profit-sharing." Another sees salvation in "profit-sharing" and finds all other ideas unprofitable. All this disputation is undoubtedly useful. The more expert discussion of all these problems the better. But there is perhaps a danger that in the heat of academic discussion between economic theorists the one underlying and basic fact may be lost sight of—namely, that somehow or other an "interest in profits" for the workers must be established. What is the method of procuring it that commends itself to theoretical pundits matters not one jot so long as some method is found which will satisfy moderate Labour opinion, and which will possess a likelihood of working smoothly in connection with schemes for industrial self-government, such as the Whitley Report recommends. So long as a workable scheme can be found, it matters less than nothing whether it conforms to the theories of this professor or that, or indeed to any recognised theory at all. After much time spent over theoretical disputations on these subjects, I confess to a feeling like that of Omar Khayyam:—

"Myself, when young, did eagerly frequent
Doctor and Saint, and heard great argument
About it and about; but ever more
Came out by the same door as in I went."

Workable schemes for a worker's interest in profits are more likely to emanate from industrial councils and committees (to whose attention the Whitley Report particularly recommends this problem) than from academic groves and professional economists' studies.

If one thing is certain, it is that, just as the machinery of self-government will have to be adapted and modified to meet the requirements of various industries, so different industries will find that different schemes are needed for securing "interest in profits" for the workers. Thus, though all informed discussion is useful, the really important thing is first of all to secure general acceptance of the *principle* that the workers should share in profits as well as in management; and, secondly, to set the industrial councils (when established) discussing this problem at the earliest possible date. The immense importance of clearing the way to a settlement of this problem is an additional, and very powerful, reason why not a moment should be lost in acting on the Whitley Report. In familiarising the public with the main principle and in advocating its accomplishment along fair and reasonable lines lies more work for the great New Liberalism which I desire to see immediately established in organised form. It cannot be doubted that educative work on these lines is urgently needed to strike a reasonable balance between two sets of extreme opinions, each of which even now exists in greater strength than

we like, perhaps, to realise. There is on the one hand the old type of employer who thinks that the labour market and rates of wages should be governed —like markets and prices of commodities—purely by the laws of supply and demand. "Why," he will ask, " should I agree to anything that will increase my wages bill? "

This type of employer needs to be shown his blindness to social facts, and taught the fallacy of his belief in the economy of low wages and long hours. Preachers of the doctrine will also be met, as are all progressive apostles, by lack of faith among employers. Even a great ironmaster in the North is reported in the Press as saying, the other day, that Labour now receives 75 per cent. of earnings, and he does not see how that share can be increased. That is a staggering example of muddled thought and unbelief that must be met and dispelled.

At the other end of the scale there needs to be combated the failure to see the functions and the rights of Capital, and the claim that all profits should go to Labour. It is difficult to say which of these extreme fallacies is the more dangerous. Educative work is needed to remove them both, and to point out the middle path of real progress which will be to the greater advantage of all concerned.

I have said that schemes for workers' participation in the profits of industry will have to be different in accordance with the circumstances of different industries. Nevertheless one difficulty, in varying

degree, is common to all branches of industry. It is that the workers have no margin of income to fall back upon. They cannot afford to be dependent for their means of livelihood upon profits that may fluctuate from greatness to non-existence or loss. Of course, this difficulty is greatest in industries that are particularly liable to fluctuations and lean years. The only way out of that difficulty is that the workers, though participating in profits, should not be dependent upon them for their actual living wage. Participation in profits must be over and above a certain guaranteed minimum earning. A "minimum wage" is necessary; but it should not be necessary—indeed it is not desirable—that these minima should have to be fixed arbitrarily by Act of Parliament, as has been done, for instance, in the case of the agricultural labourer. Far more satisfactory arrangements for minimum wages in each industry are likely to be made by representatives of employers and employed frankly facing and discussing together facts, figures, limitations, and possibilities round the council table. Arrangements of this kind should be one of the most fruitful and beneficial products of the Whitley machinery. A fixed minimum rate of payment is the only basis upon which a successful scheme for participation in profits can be built up.

Now, many such schemes have been propounded and some actually put into force in various parts of the country. I do not propose to make an examina-

tion of them, for my purpose is to inculcate broad principles rather than to dissect details. Nevertheless it will perhaps be helpful to look at one such scheme—it matters not greatly which we select—in order to illustrate the possibilities and also the dangers against which precautions have to be taken.

The Ford Motor Company (England), Limited, provides its employees with two sources of income—wages and a share of profits. The minimum rate of wage is 1s. 3d. per hour for a 48-hour week—that is £3 a week. In addition to this minimum wage, each employee shares in profits to the extent of 3d. per hour provided he conforms with certain rules laid down by the company. Here is a note issued by the company explaining the qualifications for a share in profits :—

> "After six months' continuous service with the company, married men, single men over 21 years of age, and single men less than 21 years old who are the sole support of next-of-kin or blood relations, are ELIGIBLE for a share of profits.
>
> "Profit-sharing has nothing to do with wages. Wages are paid for work done, but a share of profits is a gift from the company to those eligible employees
>
> (a) Who are living with and taking care of their wives and families.
>
> (b) Who are living clean, sober, and industrious lives, striving to make their homes and their general environment more wholesome.

(c) Whose domestic circumstances give evidence of care and attention.

(d) Who are thrifty. The wise spending and investing of earnings is thrift. Insurance is another form of thrift.

(e) Who encourage their children to seize and make the most of the available educational opportunities.

(f) Whose wives are not working for wages.

(g) Who have no outside business interests or shops.

(h) Who during the six months' probationary period show that they can be trusted to make the best use of their wages.

The Managing Director and the Welfare Supervisor will decide whether or not an employee fulfils the above conditions. If, after an employee has once been passed for a share of profits, he ceases to comply with the conditions it is the duty of the Welfare Supervisor to deprive him of the share of profits until the disqualifying circumstances are altered.

All the causes of disapproval are not easy to define. The two principal reasons are poor home conditions linked with lack of thrift. These should be more accurately described as causes for deprivation of profit-sharing, as the company do not penalise a man for being poor, but any man who does not improve his home after a period of good wages *plus* share of profits, or show that he is appreciative of his privileges and opportunities, is temporarily disqualified.

This disqualification lasts until and depends upon the length of time it takes to eliminate the objectionable features that were the cause of the disqualification.

The 1s. 3d. per hour mentioned above is only a minimum. By skill or attention to his work any employee may raise his pay to 2s. per hour. Overtime is not encouraged and is paid for at ordinary wage rates. The result is that no employee who satisfies the company that he is living the life of a decent citizen has an income (including a share in profits) of less than £3 12s. a week, while a total income of £5 8s. is a possibility.

Now, let us look at this scheme as a whole. In the first place, it is not, in one sense of the word, a profit-sharing scheme at all. That is, the workers' share in profits is fixed at a flat rate per hour, and however high or low the profits of the company the workers' share is unvaried. It resembles, in fact, a bonus paid for steady application to business—for considering efficiency for business as an object of daily life. Now the criticism might easily be made that this flat rate arrangement eliminates one of the most important features of the ideal scheme—namely, that it fails to provide that incentive to good hard work, which is given by the prospect of an increase in income if the profits of the company be enlarged. The reply to that criticism, of course, is that the qualifications for the share in profits are such as ensure that the worker lives a decent, honest life, and that decent, honest living ensures that a

man does good honest work. That the company has found the scheme to work well I have no doubt, but what one would like to see is some device which increases the incentive for production, while maintaining something of the stability—the guarantee against dwindling profits—which the Ford scheme so admirably provides. Increased industrial production is one of the greatest national needs of tomorrow, and you are not going to get a great increase in individual output unless you provide a very definite incentive for the individual. Only by providing an obvious personal attraction for each employee—a prospect of earning a far better income without working longer hours—can you hope to raise sufficient force among the rank and file of Labour to break down Trade Union restrictions on output and banish "ca' canny." Thus, while the scheme we are considering is admirable in many respects, one would like, in a scheme for general application, a more definite element of incentive.

The chief reason why I have selected this particular scheme for brief discussion lies in the controversy which it suggests over the question of "qualifications for profit-sharing." It will at once be said by many who read the qualifications set out above that the scheme is simply "tyranny": that in order to obtain a share in profits the worker has to order his whole life according to the dictates of his employer; that his leisure hours as well as his working hours are ruled for him, as if he were a

slave or a child. I can hear Liberals saying that the material well-being afforded by the scheme cannot compensate for the surrender of freedom. Once more, in considering a scheme for general application, I think that this criticism holds a great deal of water; though I fully accept the statement of Mr. W. H. Dyer (who is responsible for the Ford Welfare work at Trafford Park, and to whom I am greatly indebted for his courteous explanation of the scheme), that general contentment reigns at Trafford Park.

In theory, and *as things are at present*, I agree with this criticism, as must anyone, I think, who has the true Liberalism in his veins. But the Whitley Report means, let us hope, that the old industrial régime is passing, and in considering plans for workers' "interest in profits" we have to picture their accomplishment in relation to a different form of industrial régime—namely, industrial self-government, as described in a former chapter. This consideration affects very closely things like the "qualifications for sharing profits" in the Ford scheme. Regulations which might reasonably, perhaps, be called tyranny, if merely dictated and enforced by employers, would take on a very different aspect if they were deliberately set up and agreed upon by representatives of workers and employers sitting in council together. They would then partake of the nature of reasonable and self-imposed standards. Compulsory performance

of duty to your employers throughout the affairs of daily life is a very different thing from an agreement by the workers themselves to observe certain standards and to regard them as criteria of merit. It is not impossible to hope that, under industrial self-government—which, kindly note, lest there be misunderstanding, is the very antithesis of what is so often called "democratic control of industry"—the establishment of some such qualification scheme as the Ford Company has put into force might prove a tremendous lever for raising the self-respect and ennobling the lives of our industrial population. Such qualifications, if agreed and self-imposed, would savour less of tyranny than many and many a pre-war Trade Union rule. Moreover, all such schemes should be capable of working in with arrangements for health, maternity, and unemployment insurance.

It would, of course, be worse than blindness to ignore the tremendous difficulties. But their existence should merely serve to intensify our eagerness to solve them, and emphasise our need for faith in the possibility of solution. There are, for instance, those huge classes of workers not actively engaged in production—the larger portion, perhaps, of the working population. There are questions of fluctuating and seasonal demands, of casual labour of inefficients and unemployables. With regard to the last-named, those who reject reasonable opportunities for supporting themselves

and their dependants, there is nothing incompatible with true Liberal doctrines in the idea of labour colonies. As regards seasonal fluctuations and casual labour, no one who reads the story of recent progress in dealing with dock labour will despair of putting labourers in these classes of employment on a better footing. Especially hopeful in this respect is the scheme devised before the war by Mr. R. F. Williams at Liverpool.

Two hoary fallacies that still need eradication are that a reduction of working hours is impossible if labour is to have a larger return for its efforts; and that shorter hours mean reduction of output and increased cost of production. These beliefs, which, it is to be feared, are still widely held, have received a shrewd blow from no less an authority than Lord Leverhulme, who is perhaps more familiar to the public as Sir William Lever, of Port Sunlight.

In a striking interview published in the *Observer* of Sunday, January 20, 1918, Lord Leverhulme said :—" Every reduction of hours that has been made since the agitation for reduced hours by the late Earl of Shaftesbury in the first half of the nineteenth century to the present time has been accompanied by a reduced cost of production."

Why this has been so he explains in the next sentences :—" This reduced cost has been due to the greater employment of machinery and mechanical utilities. It has been estimated that capital invested in machinery is accountable, apart from the

cost of the raw materials, for more than 90 per cent. of the cost of production, and human labour engaged in the actual process of production for less than 10 per cent. of the total cost. It is obvious, therefore, that we can, without duplicating factory buildings, plant, machinery, engineering, and boiler power, but by merely working our plant and machinery a greater number of hours, greatly increase our output and add to the productiveness of the capital invested in machinery. As the cost of machinery, apart from the cost of raw materials, is estimated under the present system to be approximately 90 per cent. of the total cost of production, it is obvious that by increasing the output we shall greatly reduce this element of cost in the production, and shall have a margin left over, provided we get increased production with fewer hours, wherewith we can pay the workman not only the same wages for the six-hour working day that he now receives for the eight-hour day, but actually higher wages. This is, of course, all based upon the assumption, the realisation of which we do not think admits of any doubt, that by the aid of mechanical utilities and of workmen, keen, alert, and unfatigued, the output can reach its maximum in a six-hour working day for both men and machinery."

Increased use of machinery makes short hours compatible with increased output and reduction of costs. The employment of more horse-power per worker is a vital need, and machinery must be run

for longer hours. In connection with this question there is the great and urgent requirement for a well-organised supply of cheap electric power. Fortunately this question has already been thoroughly examined by a strong committee, whose report* must not be allowed to decay in official pigeon-holes. Employers must see that it does not.

Lord Leverhulme is already practising what he preaches by preparing a scheme for a six-hour day at Port Sunlight. In the *Observer* interview he goes on to meet the objection that, when the shortage caused by the war has been met, a slump will intervene, and industrial depression will upset all these schemes. In refuting this theory he is particularly happy, and his remarks are worthy of study in detail :—"Of course, it will be asked what will happen when the shortage caused by the war has been met. And this, perhaps, is the after-war condition that you had in mind in the question you put to me. I have no fear for this event, because in the six-hour working day there is increased leisure, and provided the wages are higher and the cost of production lower, this leisure will operate as a lifting and an elevating force upon all the habits and tastes of Labour.

"It is said that at Ford's works in America every adult employee runs his own motor-car. Now, let us consider what this means in the production of motor-

* White Paper. (Cd 8,880.)

cars, and we can reasonably and logically apply the conclusion to boots, shoes, houses, clothing, and all the necessaries of civilised life.

"The possibility of each workman running his own motor-car at Ford's works is dependent upon the very factors we hope to obtain by the six-hour day. The first of these factors is increased wages. Ford has been able at his works to double the trade union rate of wages. The second factor is the reduced cost of production. Ford has been able to reduce his costs to such a point as to bring motor-cars within the reach of the weekly wage-earner. The reduction of hours, moreover, has made it possible for the wage-earner to enjoy his motor-car, and has created in him a desire to possess a motor-car. Thus the three great factors work together, higher wages, cheaper cost of production, and reduced hours resulting in more leisure and increased wants, the reduced hours being just as essential as the two preceding factors.

"The wage-earner whose life is spent from the age of fourteen to seventy in a monotonous round of mechanical duties in factories and workshops, and whose relief from toil is very little more than sufficient to prepare him for the next day's run of work, has no opportunity for that outlook upon life which increases his wants. I believe we have to raise the ideals for wants just as we must raise the ideals for work and wages. When the wants of men are once

satisfied, the stimulus for increased production and consumption ceases.

"The logical and proper consequence is that with leisure the demand for commodities will be so increased that there need be no occasion for alarm that more goods will be produced at any time than can be consumed. The whole conditions of life will have changed. Better houses will be demanded; clothing, boots, and shoes will be more often renewed, and so on."

This vision of a better standard of living creating industrial demand is broad and farseeing. Lord Leverhulme sees the whole industrial problem at a glance, noting the interdependence of various problems, which economic experts are too fond of examining in water-tight compartments.

It is highly necessary that the public should be brought to see, as he sees so clearly, that the problems of shorter hours, better wages, and increased production must be attacked all together and not separately. Lord Leverhulme's views, as expressed in these quotations, are eloquent of a burning faith in the possibility of a better order of things, of a better country to live in for the working population. It is a faith that, if planted in a sufficient number of hearts, will move mountains of difficulties out of the nation's path. To plant it in the hearts of many is a task demanding the best energies of a New Liberalism.

CHAPTER VII.

Cleaner Politics and an Independent Press.

MANY of the questions which we have been discussing ought not to be made the counters of party politics. But all the questions are such that they must be studied and faced by parties and politicians, who can do a great deal to help towards their satisfactory solution. No matter what national problem we approach, we shall find that the attitude of parties and politicians is an important factor. There is, therefore, one national requirement that is a common requirement for the proper tackling of every national problem. I mean, of course, a cleaner and more efficient political system.

During the war there has grown up in this country a widespread disgust for party politics and party politicians. This disgust is not confined to any school of thought or any section of the nation. It has probably been within the experience of everyone who mixes freely with his fellow-men to hear lifelong Conservatives and lifelong Liberals declare

in strange unison that they will never again vote for any of the pre-war type of politician. The very word "politician" is in a fair way to becoming a term of reproach.

How is this widespread weariness of the politician justified? The common ground for it is twofold:—

(1) That politicians failed either to avert the war or to prepare for it.

(2) That politicians have shown themselves incompetent in the conduct of war.

Those are the two main heads of the answer that you are most likely to receive if you ask any chance acquaintance why he is so bitter against the politician. We may perhaps reply that politicians of other great countries have been no better. But that, after all, is no answer to the indictment.

Now, it is not in the least helpful either to pour out blind and indiscriminate abuse of politics, parties, and politicians, or to imagine that after the war we can free ourselves from parties and politicians. Parties and party politics there must always be as long as there are Parliaments. More helpful than scratching about with the muck rake is to try and find out what is wrong with parties and politicians. When we have diagnosed the causes of failure we shall be able to point out where the surgeon's knife is needed, or what is the medicine required to restore health to our political

system. A diagnosis, which I believe would be accepted by those who "know the ropes," is that the party system suffers from three distinct diseases —jobbery, snobbery, and personal ambition. The whole system of party management gives the fullest scope to all three. Now, all three diseases have one root cause—secrecy. On secrecy they thrive. It is secrecy that makes possible the scandals surrounding the questions of Honours and Party Funds. Only under a system of secret management can back-stairs influence and the advancement of inefficients go on. Only under cover of secrecy can personal ambition find its scope for intrigue, chicanery and corruption.

For diseases born of secrecy there is only one effective medicine, and that is publicity. "Publicity," said Dr. Woodrow Wilson in one of his Presidential campaign speeches in 1912, "is one of the purifying elements in politics. The best thing that you can do with anything that is crooked is to lift it up where people can see that it is crooked, and then it will either straighten itself out or disappear. Nothing checks all the bad practices of politics like public exposure. You can't be crooked in the light." What we require to do with our political system is "to open doors, pull up blinds, drag sick things into the open air and into the light of the sun." This advice, given by the world's greatest politician to his American fellow-

countrymen, applies with great force to our own system in this country.

In a previous chapter I have pleaded the case for a new great "middle party." Let such a party take publicity for its watchword in regard to its own domestic affairs. Let it drink in the spirit of publicity from its birth, as an infant imbibes milk. Let it insist on the publication of every subscription to its funds, and of the salary paid to every official or representative or candidate which it employs. Let it scrupulously publish details of expenditure as well as of revenue. Let it be organised as a real self-governing party, not as an autocracy blindly following a few leaders. Let it make impossible the cloud of secrecy surrounding the activities of its chiefs at headquarters. By so doing the new party will start with the goodwill even of those who cannot hold its political tenets. It will do a national service by setting an example of publicity. By contagion it will spread the demand for publicity among the rank and file of other parties—a demand that will have to be satisfied. Make sure that the clear sunlight of publicity and the fresh air of public criticism can reach every corner of the house; then that which thrives in darkness, and that which cannot bear the light of day, will either die or at least remove itself to an abode where it will not be so potent to harm the body politic.

This cleansing, to be efficient, must come spontaneously from the inside. Parliament might, indeed,

pass an Act providing that party accounts should be published, and the executive power might enforce the letter of the enactment. But that would be a very partial and ineffectual method of cleansing. The superior and thorough method is the cleansing effected not by the enforcement of the letter of the law, but by the growth of internal demand for cleanliness. In cases like these it is the spontaneous spirit enforced by public opinion which alone can obtain satisfactory results. Legislative attempts to provide safeguards achieve very little.

The whole system of the bestowal of Honours is now surrounded by so much scandal and suspicion that a definite policy in regard to it seems to be called for from any new party. It is now an open secret—in fact, no secret at all—that Honours are, or were, frequently bartered and sold, and even more frequently bestowed for reasons of personal favouritism, or for services to party, rather than for service to the State. So plain has this become that it is no infrequent occurrence to find men, really deserving of high honours, refusing to accept them, because they cannot find it in their consciences to aid and abet a tainted and corrupt system.

What is the remedy? Our friends of the extreme left tell us that the only remedy is to abolish all Honours. That policy, however, is, perhaps, unnecessarily drastic. Why cut down a tree when all that is really required is a severe pruning of the

branches? Others cynically suggest that Honours should be publicly sold; that Viscountcies, Earldoms, Baronies, Baronetcies, Knighthoods and the rest should be quoted publicly in the market like Consols or War Loan. Provided that full publicity of name and price are assured there would be little harm in this scheme, and the public coffers would benefit in proportion to the existence among the wealthy of a foolish craving after titles. The world would laugh, but are not our present Honours Lists *pro ludibrio?* However, any such heroic remedies are hardly called for. All that is required is a simple insistence by the people's representatives in Parliament that every grant of Honour should be accompanied by a public, official, detailed statement of the actual services to the nation for which the grant is made, such statement to be modelled upon the statements always issued in connection with grants of the Victoria Cross. The Prime Minister of the day should be made to feel and to acknowledge personal responsibility for the merits of each case where his recommendation is given. Once establish these two points, and secure at the same time the publication of all party accounts, and you will have broken the back of the Honours scandal. The situation which it is desirable to create is this: That those who are responsible for preparing Honours Lists should know that every recommendation will be subject to the critical and well-informed scrutiny of friend and foe in the country, and that they themselves will be

held personally responsible for the justice and uprightness of their recommendations.

The Honours system as at present practised is certainly a scandal, but we must be careful not to attribute too much importance to it. It is after all only one symptom—though a prominent and obtrusive symptom—of an evil state of affairs in our domestic politics. It is to the radical improvement of that state of affairs as a whole, and not to the removal of the Honours scandal in particular, that we should address ourselves. For achieving that great purpose publicity is the most efficient weapon. There are, however, some innovations made by the Representation of the People Act which will help in no small degree to cleanse the political atmosphere. That Act, for one thing, reduces the scale of election expenses. This reduction, coupled with the Parliamentary salary of £400 a year, widens the field from which political candidates can be chosen. It opens the door a little wider for merit unsupported by wealth, and consequently closes the door a little for wealth unsupported by merit. Of course, there is still a great stretch of road to be travelled in the direction of providing equal political opportunity for merit, whether backed or not by the power of the purse. The rich man still has a tremendous pull in the process which is known as "nursing the constituency." He has in his armoury a whole host of weapons ranging from charity subscriptions to coals and blankets—always, of course, brought into play

at a wise distance of time from an election. We can all probably recall such instances as that of the little school child, usually in rags, who came to school one morning in a smart pair of new boots. "Where did you get those?" asks the teacher. "Oh," is the reply, "please mother says Mr. X. Y., M.P., didn't *give* them to me." No, he didn't *give* them. He made the poor mother pay perhaps a nominal twopence. Kind man! you may say. Yes, but an election was thought to be approaching, and which way do you suppose the father's vote was expected to be cast? Then we all of us know the power which is still exercised by employers, landlords, parsons, and all who have powers of patronage to influence votes at the poll. Truly we need further legislation directed towards lessening the effect on elections of arguments other than those of legitimate persuasion. It may be that we can never hope to see a world in which the poor man and the rich have an absolute equality of opportunity as regards politics or anything else. But let us at least take such equality of political opportunities—the open door for merit—as a distant goal to be aimed at. A very great deal might be done by judicious legislation to checkmate the many subterfuges by which the rich man's purse succeeds in adding to the list of his supporters. The new "Reform Bill" makes a step forward; the New Liberalism might well advocate further steps in the same direction.

Inseparable from questions of cleaner politics is

the problem of the Press. A good Press is the complement of honest politics. But the phrase "a good Press" perhaps requires definition. By a good Press I mean a Press which in the matter of news provides its readers with a trustworthy record of events, facts, acts, and speeches, and, in the matter of views, reflects, as a whole, the general trend of public opinion. Now the British Press to-day—more particularly the London Press—fails to perform satisfactorily either of these two functions. In a large degree it is not the fault of the Press; and I do not believe any considerable share of the blame should be imputed to the working journalist. In war time *suppressio veri* and the almost equally obnoxious *suggestio falsi* flourish under the tender care of the Censorship, and are fertilised by the fear of offending against D.O.R.A. After the war it is to be hoped that we shall get back again to the truthful record of all that is most worth recording in the doings and sayings of the world. But the habit of making news fit in with views, which has, I fear, grown upon the Press all over the world during the war and because of the policies and passions to which the war has naturally given birth, may not prove easy to eradicate. That is a formidable danger, the only remedy for which lies in the acute perception and good sense of the public for whom newspapers have to cater.

But, in the other matter, the presentation of views and opinions and the reflection of public

opinion, the British Press to-day falls very far short of the desired standard. The reason is not far to seek, especially in so far as the London Press is concerned. It lies in the steady growth of the concentration of newspaper power in the hands of a few men. This process has been going on for a long time, but the state of affairs to which it gives rise has been brought into very great and sudden prominence by the war. What has happened is this: An important number of the most widely read journals in the land have passed entirely under the control of three or four men. The public, reading the same point of view over and over again in one big newspaper after another, naturally comes to the conclusion that this remarkable unanimity is the expression of an equally unanimous public opinion. Incidentally, on some points it may be, for there are some points on which these three or four newspaper "bosses" are at one with practically the whole country. On hosts of other points they are not, and yet the unanimity of opinion in the great newspapers goes on, for they express, millions of times re-echoed through the length and breadth of the land, merely the personal views of a few men, which may or may not happen to coincide with public opinion.

The position has recently been described very forcibly in the *Morning Post*. In a leading article in that journal on February 7, 1918, occurs the following passage:—"A newspaper is after all a

sort of gigantic megaphone; it repeats in a million ears the opinion of one man. Not only so, but one man may have many megaphones, so that his voice addresses in different tones the whole nation, and repeats the same words in different accents until they seem a commonplace and are accepted without question. The public does not know by whom it is addressed, and may think it is hearing the independent opinion of many, when what it hears is the concerted opinion. Does anyone know, for example, how many newspapers and periodicals are owned and influenced by Lord Northcliffe? The voice that rocks the cradle in *Home Chat* rules the wave in the *Union Jack*, and those deep reverberations in the giant *Times* find tiny echoes in *Forget-Me-Not.* He is in every mood: if the nation is hilarious Lord Northcliffe laughs with them in *Comic Cuts* or *Illustrated Chips*; if it is religious it turns to the *Sunday Companion;* the lady takes her fashions from Lord Northcliffe; the racing man his tips; the business man follows him in the City; the countryman plants his garden according to Lord Northcliffe's directions. If he does not put down the mighty from their seat, it is not for the want of trying."

Now, I have no wish to make an attack on Lord Northcliffe or any other of the great newspaper "bosses." For all that I know, they may be all upright and honourable men. Even supposing them all to be of the highest and best type, still, I main-

tain, the accumulation in a few hands of such immense power to sway national opinion is a serious danger to democracy. It is the system that is dangerous, apart from all question of personality.

But there is a far more dangerous aspect of the question even than that. Besides the immense power of swaying the thoughts and passions of the multitude, besides the oft-used power of stifling the voice of independent criticism, there is a greater and more ominous power that the few great newspaper controllers have proved themselves to possess. They have gained and used the power of swaying Government policy. That statement, I am, of course, aware, has been denied by Ministers. But I maintain that upon a careful review of the campaigns in a few great papers and of immediately following Government action during the past year or two, no impartial critic can come to any other conclusion but that a handful of great Press proprietors have grasped and used the power to force the hands of Governments without any reference whatever to public opinion, or the views of the people's elected representatives in Parliament assembled. In spite of what has been said to the contrary by the newspapers and Ministers particularly concerned, it is difficult to see that any other conclusion can be drawn from the remarkable way in which Government action has followed spectacular "stunts" in the great newspapers of the great "bosses"—unless it be this, that these great "bosses" are squared,

bought by unscrupulous politicians. Either conclusion is unsatisfactory to the last degree.

Personally, I pay the newspaper "bosses" and the politicians the compliment of believing the first of the conclusions mentioned above to be true. If it is not, the only alternative conclusion is equally disastrous. But let us for the moment assume it to be true. What does it mean? It means that we are within measurable distance of a new and dangerous oligarchy; that a few men, rapidly gaining in power, are gradually, behind the scenes, assuming supreme control over the national destinies. We are drifting rapidly towards a state of affairs in which Ministers and Parliaments are alike puppets, and the real power rests in the hands of a few capitalists, elected by no one, responsible to no one. Nothing could be more completely out of harmony with the spirit of democracy, or more inimical to the successful accomplishment of the great tasks which after the war await the people of this country. The fullest possible scope for the free expression of all shades of independent opinion is one of the very first essentials, if these tasks are to be honestly faced and satisfactorily solved.

How can this be secured? There is only one way, and that is by legislation. Now I have devoted a substantial proportion of the foregoing pages to preaching the doctrine of non-interference by Governments with industry and the full unhampered freedom of the Press. I foresee, therefore,

the inevitable criticism, "How can you consistently advocate legislation framed to interfere with the Press and to impose restrictions on a great industry —the newspaper industry!" The criticism is natural, but the answer is straightforward and conclusive. It is not primarily a question of interfering with a great industry; it is a question rather of safeguarding the country against a grave constitutional danger. Moreover, the legislation which I have in mind, so far from imposing restrictions on freedom, would restore that facility for the free expression of independent opinion through the Press which is to-day only too conspicuous by its absence.

The necessary legislation would be perfectly simple, and could all be embodied in a single Bill consisting of not more than two clauses. The first would provide that no person should hold any interest whatever in more than one newspaper at any one moment; the second that the interest held by any one person in a newspaper should be limited to a certain nominal sum. As to what that sum should be there is room, of course, for endless difference of opinion. It is as difficult to define as is that modicum of wealth postulated by the philosopher as an essential condition of happiness and well-being. Nevertheless its determination, when once the principle is approved, should not be an insuperable obstacle. £5,000 suggests itself, perhaps, as a reasonable figure. The fixing of such a limit would assure that every great newspaper was owned by a

large number of people, who would appoint a small Board of Directors to manage the concern, these Directors being responsible to the shareholders and retiring by rotation. In this way anything like complete or lasting control by one or two men would become impossible, and the Press would be far more susceptible to independent thought and opinion. One man would no longer possess many gramophones or even one gramophone of his own; he would be restricted to playing his part in a popular orchestra. The orchestral entertainment would be as educative and helpful in the national life as the present gramophonic shrieks are debasing and dangerous.

CHAPTER VIII.

Land and Housing.

HARDLY less urgent than the need for increased industrial production is the need for increased agricultural production. Before the latter can be secured—as a permanency, that is, and not merely as a temporary measure of war emergency—there are many obstacles that have to be studied and removed. It only falls within the scope of the present chapter to glance at a few of the chief of these obstacles and to indicate very broadly the attitude towards them which the New Liberalism may fairly be expected to adopt.

Before the war the gross output of British agriculture was very far from what it should be, while the produce per acre of important crops was still more unsatisfactory. In order to remedy this state of affairs it is necessary to discover the root causes,

which were manifold. Before the war a very large proportion of British farmers were conservative to a fault, lagging far behind in the wake of advancing knowledge and science; chary of trying any new method unknown to and unproved by their fathers before them; prone to regard new inventions as fads or risky experiments which they could not afford to touch. So far as that was the case, the remedy lies in education, which will work slowly but surely as the rising generation succeeds to power. Methods of intensive culture must be scientifically taught in State Secondary Schools in agricultural districts. Colleges and Universities must be encouraged, if necessary by State grants, to institute (or improve where they already exist) schools of scientific agriculture. Here will be taught all that advancing science has to say of the methods of getting the greatest advantage out of the land. The methods employed in other European countries—especially, perhaps, Germany—will be studied. *Fas est et ab hoste, doceri.* Educational facilities of this kind must be brought within the reach of a far greater number. The effect of the spread of intensified agricultural education will perhaps be slow to produce a visible and tangible effect, but its effect when it begins to tell will be progressive and lasting. Here at least is a very proper opportunity for State assistance in removing one great obstacle to agricultural progress.

While on the subject of the shortcomings of the British farmer—which are, by the way, largely the defects of his most admirable qualities—it should be noted that mutual suspicion, unwillingness to let his neighbour know what he is doing, lack of the co-operative spirit, are further hindrances to progress. Here again is a task for education, to teach the farmer—particularly the small farmer—the value of co-operation; and the State might properly assist by setting on foot, to take one instance only, a scheme like that of the co-operative creameries, which has proved successful in Ireland. The establishment of agricultural credit banks also merits State consideration, as also does land reclamation—a much neglected subject, which has recently been dealt with in a very useful little book by Mr. P. Anderson Graham*. The building of light railways tapping agricultural districts and feeding the main lines is another question which requires investigation.

If the British farmer, generally speaking, has serious faults, the tenant farmer at any rate has serious grievances. Under the present system he lacks inducement to make the best of his land, for as a rule neither is he secure in his tenancy nor has he before his eyes the hope of ownership. "Why," I asked a tenant farmer the other day, "do you not make more lucrative use of this stretch of your

* "Land Reclamation." Published in the "Country Life Library."

farm? Would it not grow wheat, for instance?" "It would," was the reply, "if it was drained."

"Why not drain it then?" I queried. "What!" answered the farmer, "spend all that money and then perhaps be told after a year that the owner was selling the fields to someone else?" "Well," I suggested, "there is the compensation." But the idea of compensation did not satisfy our friend; and indeed what tenant farmer did the present system ever satisfy? No! If the product of British agriculture is to be as great as it ought to be, the whole land system has got to be radically changed. The tenant farmer must have reasonable security of tenure (provided he can prove that he makes good use of the land), and a reasonable opportunity for eventual purchase. The introduction of these two elements would provide an incentive to good farming that would be absolutely invaluable to the country. On the other hand, owners as well as tenants should be under some definite obligation (on pain of penalty) to put their land to reasonably good use. In such obligations there is no suspicion of tyranny if the matter is looked at in the proper way. For we have to realise that land differs from all other kinds of property in two respects. Firstly, it is the ultimate source of all wealth; secondly, it is definitely limited in quantity. Anyone, therefore, who has the use of land is under an obligation to use it properly, and that obligation should be enforced. The holder, big or small, must "get on or get out."

I have not yet, however, mentioned the greatest obstacle to agricultural recovery. That is the difficulty of inducing workers in sufficient numbers to go "back to the land." This obstacle can only be surmounted if we honestly acknowledge the main reasons for the exodus from the country to the towns. Let us look very briefly at a few of the chief reasons one by one.

First perhaps comes the miserably low wage paid to the agricultural labourer before the war. That has been to some extent (though quite insufficiently) remedied by the 25s. minimum wage. Is it not possible that "interest in profits" can be arranged for the agricultural as well as for the industrial worker? That is perhaps a long way off, and agricultural labour needs to be far better organised if such an object is to be achieved. But it is a goal to be aimed at. It would prove itself a wonderful incentive to good work. But even if he achieves an "interest in profits," backed by a minimum wage, the agricultural labourer needs something more. He needs access to the rungs of a definite and alluring ladder, which can be climbed by hard work and thrift. He wants to see that by saving he has the chance to become a tenant farmer on his own; that tenancy will bring with it reasonable prospect of eventual purchase and ownership. The Small Holdings scheme is inadequate.

England must have an agricultural ladder.

But it was something more than bad wages and blank prospects which drove labour from the country to the towns and prevents it from returning. *It was the general conditions of rural life,* wretched housing conditions, the tied house, the tyranny of squirearchy, and the deadly monotony. As to the suitable provision of house accommodation I shall have a brief word to say later on. But let us here and now make up our minds frankly about the tied house system and the power of squirearchy. Against great landowners and squires as such I have no word to say. It is the system I attack and not the men. Many and many of them never misuse the power they wield. They have in the past and right up to the present time performed yeoman service for England. But times are changed. The spirit of democracy is abroad, and the day has come when to a comparatively few great estate owners and lesser squires can no longer be entrusted (however perfect they may be) the old power over the individual life of their workers. Before the war in rural England the feudal system remained unbroken; only the fringe of it had been touched. It must now go and go for ever. On this vital point the New Liberalism cannot afford one moment's hesitation. Unless you shatter the feudal system the cry of "back to the land" is a useless and ineffective cry which will fall on deaf ears. The rural cottager must have reasonable security of tenure, reasonable guarantee against eviction on the whim of his employer—eviction

which so often means implacable ruin. His livelihood and his home must no longer be dependent on his satisfying the dictates of his employer in matters such as political views, for instance, which should be purely his own individual affair. Until this is assured, men of spirit, enterprise, and resource will not return to the land.

The fight to obtain the new régime will doubtless be stern and long. For it entails attack upon privilege and vested interest. Moreover, the class attacked will be thrice-armed by the belief that their cause is just and that the old system was best. As an example of the opposition to be expected let me cite an instance that happened to meet my eyes the other day. A great newspaper, popular with landlords and squires, had a leading article on the tied house, rather obviously from the pen of a well-known writer. Of course, it defended the system, and its line of argument was amusing, because it showed how weak the case was. Why, it asked, should the agricultural labourer object to the tied house? Bishops, Cabinet Ministers, and even the King lived in tied houses; The Chequers—Lord Lee's gift to future Premiers—would be a tied house. If the tied house was good enough for these, why not for Hodge? So ran the argument, palpably ignoring the obvious falsity of the analogy. Bishops and Kings have absolute security of tenure, except in the most extreme and desperate circumstances, and have not Ministers, when ejected by the popular

vote, slightly better resources to fall back upon than the gentleman whom this writer genially describes as "Hodge"?

But if the opposition is fierce, it must surely see that the power of democracy is growing, and that its days of feudal power are, for good or ill, numbered. If the New Liberalism advocates a policy on the broad lines that I have laid down, the landed interest should think twice before declaring war upon such a programme. For it is, after all, a moderate programme, offering a middle course. In advocating it the New Liberalism may once again hold the balance between two conflicting extremes, one demanding the maintenance of the *status quo ante*, the other confiscation, or nationalisation. Representatives of the landed interest who fight against such a programme will play into the hands of Socialist extremists, and are likely to prove themselves unconsciously and unwittingly the worst enemies of themselves and their class. If they cannot realise that a New Liberalism with such a programme would really do them a service by blunting the weapons of extremists, let them turn to what the extremists say and read for themselves; and for the purpose of acquiring such knowledge I cannot commend them to a better source than H. Outhwaite's recent volume "The Land or Revolution."

Let the New Liberalism, then, set its compass by the broad principles outlined above, and trust by them to steer through the thorny controversies and

intricate difficulties of the land question. Inseparable from that question is, of course, the problem of providing good housing accommodation, homes offering reasonable comfort for the mass of the population. The solution of this problem is as important for agricultural as it is for urban districts. The problem is to a considerable extent dependent upon the supply of bricks and mortar after the war, and improvement must of necessity be slow. But as regards the possibility of making the land accessible to a far greater population, something at least might be done, and done quickly, by improving and cheapening the means of egress from towns into the country round. Cheap facilities for conveyance might make available for agricultural work men living in towns or members of the families of industrial workers.

Since building has been stopped by the war the shortage of houses which existed before it broke out has been tremendously aggravated. The extent of the national deficiency in house supply has, one is glad to hear, already been the subject of a more or less thorough inquiry by the Ministry of Reconstruction. After the war there is bound to be a great demand for hasty construction; to supply it, however, will be a very long business, for materials will come to hand slowly, and the natural prices of building materials is bound to be high. Therefore there is little fear of ill-considered "rush" construction, without due regard to sanitation and modern require-

ments. Nevertheless, there are one or two points which require immediate attention. One is the necessity for a very extensive repeal or alteration of restrictive by-laws. Local authorities must be aroused to the idea, possibly new to some of them, that by-laws were made for man, and not man for by-laws. Then, again, cheapness will be so great a consideration that the policy of building houses with shorter average "life" will have to be carefully considered, as will also questions of standardisation.

The provision of gardens with new houses and cottages, whenever possible, is also a matter of the highest importance. The whole question of new construction, as regards availability of materials, plans, and finance is so vast and important that State assistance may have to be invoked. But a jealous eye should be directed upon such assistance, lest it find its way into the pockets of the landlords. Nevertheless, if an adjustment of the whole relations between tenant and landlord is impossible without State intervention, such intervention may be justified.

The inevitable restrictions upon the pace of after-the-war house construction lends particular importance to the question of making better use of existing house property. Good management can do a great deal towards making good and healthy homes where disgraceful hovels exist at present. Conditions that will prevail after the war will make the obvious policy of pulling down slum properties and rebuild-

ing more difficult than ever of fulfilment. Here, however, is a great scope for the substitution of good for bad management. If an area which has degenerated into slum conditions is handed over to good management, a gradual transformation is perfectly possible without any great outlay or dislocation. This fact is pointed out clearly by a writer in the *Economist*,* who proceeds as follows :—" Rents can be collected while the reforms are going on, and the tenants, wherever possible, kept in their original homes and encouraged to live in them on a higher level of decency and comfort. Though on superficial acquaintance the ' slum-dweller ' may seem incapable of better things, detailed and patient work in housing reveals in every area a large number of tenants who manage to live at a surprisingly high level of decency and will readily respond to better surroundings.

" A policy which aims at doing the repairs gradually gives time to the tenants to adapt themselves and learn to take care of the better fittings provided for them. If the property is not in too bad a state (and many urban houses are far more solid than they appear under careless management) the repairs can be paid for out of rents with practically no capital outlay. In any case, to spread out repairs over a long period, and to plan a regular rotation of inside decoration so that there may be regular em-

* February 16, 1918.

ployment all the year round, assists in remedying unemployment in the building trades.

"An old house is, of course, much cheaper than a new one, and, if it can be preserved, offers the much-coveted type of cottage home to tenants who would otherwise have to live in a flat. A new cottage in London could hardly be let for less than 15s. a week inclusive, while an old four to six-roomed cottage can be made an attractive and healthy home for a family at a rental of from 10s. to 12s. a week, and will be sought after far more than any flat on account of the advantages of privacy and independence from neighbours which a separate house can give. Under existing conditions few of the working-class families who desire them can get cottages in London, and whenever it is possible to preserve them it should be attempted.

"There remain the people who cannot find or afford separate cottages, and this is a class which deserves our consideration, for they form the majority, in London at least, of the hard-working population. They live mostly in two or three roomed tenements, for which they pay from six to ten shillings a week. A tenement house conveys to most outsiders the picture of a horrible slum, of stairs open to the street, upon which swarm half-naked children. But 'model' dwellings will not automatically be inhabited by model tenants, and every form of dwelling tends as it grows old to become a slum. Victorian houses, with which our

large towns abound, many of them now empty owing to the changes brought by the war, can be converted into very good homes for working-class families. They are planned with a less severe regard for space than is possible in modern economic buildings. But they must be sensibly adapted and carefully managed. The common staircase, the joint use of washhouse and lavatories, necessitate a careful selection of tenants sorted to agree together, and a constant handling of little disputes, with insistence on the performance of common duties and personal supervision of every part of the house used in common. Given this, there are hundreds of houses which can be made a blessing to thrice as many families, and this without any great capital outlay on the owners' part."

I have quoted this article *in extenso*, for it is entirely practical and to the point.

To insist upon good management of old and new house property and upon adequate comfort and modernity in new construction; to provide reasonable security of tenure and safeguards against exorbitant rent charges—these must be the guiding lines of the attitude of the New Liberalism, which on the other hand will not tolerate spoliation of the landlord. If, in order to strike the middle course of justice all round, State assistance has to be invoked, so be it; but let it be carefully and even suspiciously watched. The better distribution of wealth, which should be attained on the broad lines sketched in

preceding chapters, will tend to make the problem easier of solution, for it should make the ability to pay an economic rent the general rule. That is but another instance of how all the problems of national remoulding after the war dovetail into each other, and how impossible it is to regard them separately without relation to each other.

CHAPTED IX.

Trade Policy.

THE last thing I propose to do is to rake about in the decaying muck-heap of the old fiscal controversy which raged in those pre-war days that now seem almost archaic. On the contrary, I start with the very big, but I believe necessary and justifiable, assumption that all who are imbued with the true spirit of real Liberalism, and consequently an enormous proportion of those who may be expected to support the broad general lines of policy that I have tried to sketch in these pages, will honestly subscribe to three main propositions with regard to commercial policy. Firstly, that "free trade all round" is the great ideal, fraught with untold blessings for the world. Secondly, that there is room for faith in the ultimate achievement of that consummation, and consequently a supreme call to work for it. Thirdly, that our country should continue to lead the way to it, and that in maintaining the greatest possible freedom from artificial contrivances and State interference she will be

furthering the highest interests both of herself and of the whole world.

In making these assumptions and declaring myself, as I do, a convinced and unrepentant Free Trader, let me fortify myself at once against the inevitable criticism that I am one of those whom even Armageddon can cause to forget nothing and to learn nothing. I have forgotten, as I hope all honest and thoughtful citizens, whether believers in Free Trade or Tariffs, have forgotten, never again to revive, the bitter and reproachful party bickerings on the fiscal question that prevailed in pre-war days. I have learnt, as I believe most honest and thoughtful believers in Free Trade have learnt, to see my belief and conviction immeasurably strengthened both by the events of war and by the prospect of world conditions thereafter. To the effect of war events and to the influence of the prospect of after-the-war conditions on the question of Trade policy I will confine myself in this chapter, and as briefly as possible. For here again it is broad principle and not detail with which I am concerned. But, as qualifying every phrase and line of this chapter, I would ask the reader to bear in mind the reservations expressed in Chapter II. It may conceivably happen—which God forbid!—that in order to obtain other desirable conditions of world peace we shall have to use the economic threat at the Peace Council. We cannot therefore afford to tie our hands in advance. But let us at least realise

clearly what it means to us and to the future of the world if we use that threat. If we are forced by German recalcitrance to use the economic weapon, let us use it only as a last resort with our eyes open to the grievous meaning of our action.

There is little doubt that future historians of the present war will mark as one of its outstanding features the tremendous economic resources and financial staying power revealed by the United Kingdom. At any rate, the revelation has amazed even optimists among contemporary critics, especially those resident in Berlin. For over four long years Britain has borne the lion's share of the financial burden of the whole Allied cause, while at the same time producing a military and naval effort beyond all expectation, and playing a very big rôle as industrial provider of munitions and war supplies. All this she has done with comparative ease. Let us remember that this giant economic and financial power has been built up under Free Trade. Shall we, then, lightly change that system?

Our mercantile marine has played a part of incalculable importance in the war. It has been described, without exaggeration, as the floating basis of the cause of civilisation. And our shipping predominance may be ascribed as much almost to our Free Trade system as to the innate genius of the Briton for seafaring life. Shall we, then, lightly change that system?

The sudden shock of the outbreak of war showed up in a flash the colossal prestige of London in the sphere of international finance. London, to quote the words of Mr. Hartley Withers*, was "so strong and so lonely in her strength that her strength overcame her. She held the rest of the world in fee with so mighty a grip that when she said to the rest of the world, 'Please pay what you owe me,' the rest of the world could only gasp out, 'But how can I pay you if you don't lend me the wherewithal?'"

"The exchanges," continues Mr. Withers, "went in our favour with such a mighty rush that the machinery of exchange broke down, and nobody could buy a bill on London." There in a nutshell you have the explanation of the financial crisis at the outbreak of the war. The "bill on London" was the currency of the world's trade. London took toll of the world's commerce, and was the banker of the world's activities. By these services to the world London laid the foundation of England's tremendous financial power. Why was London able to assume this commanding position? Largely because British ports were free; because of our Free Trade system. In the days to come, when we are struggling to rebuild that prestige, shall we lightly discard that system?

Why, in Heaven's name, should we? And yet there are many people in this country who honestly and sincerely believe that we should. For one

* The War and Lombard Street, page 3.

thing, say such people, without a Tariff system we cannot set up Colonial Preference. Now, Colonial Preference used to be supported by its advocates on two main grounds. First, that it was necessary to "weld together the Empire." In order to steer as clear as possible from the old controversy, I will refrain from quotations of Preferentialist politicians. But let me assure the reader that quotations to that effect from Tariffists, from Mr. Chamberlain and Mr. Cecil Rhodes down to Mr. Garvin, can be freely adduced. Surely the war has destroyed that argument, at any rate. It is buried deep in the graves of Gallipoli, Ypres, the Somme, West Africa, Palestine, Mesopotamia, and countless battlefields, where British citizens from all parts of the Empire have fought and died together in perfect comradeship and for a common cause. An Empire welded together by the imperishable memories of the past three or four years needs no artificial putty to make it stick together.

Support for the Tariff doctrine came also from a belief that the "Colonies demanded it" with something like a unanimous voice. Such an idea was, I believe, always an hallucination. Certainly it is now less true than ever. Let us permit ourselves one or two quotations of recent evidence from Australia and Canada. Just before the outbreak of war* the Sydney *Daily Telegraph*, one of the most influential and respected journals in Australia, wrote :—

* July 19, 1914.

> "The idea which seems to possess Mr. Bonar Law, that the people of this country are, in unison with those of the other Dominions, continually calling for tariff preference from Great Britain, is one of the oddest delusions that a responsible party leader could very well express. If Mr. Bonar Law thinks that preference from the United Kingdom is the crying demand of the people of Australia, he should visit these shores and get disillusioned. He would never hear the subject mentioned except by some whizzy-headed orator, who was momentarily gravelled for a topic."

A far more recent quotation from the Montreal *Journal of Commerce** provides an equally definite assertion in the case of Canada :—

> "If anybody is asking the Imperial Conference or the Imperial Government to adopt a preferential policy on the ground that it is demanded by the people of the Overseas Dominions, he is speaking without any authority so far as the people of Canada are concerned."†

To support this contention the *Monetary Times*, of Toronto, on October 12, 1917, said :—"The organised farmers of Canada have just published their platform in pamphlet form. It was drafted by

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* May 1, 1917.

† This view has now received the hall-mark of official authority from Sir Robert Borden, Prime Minister of Canada.

the Canadian Council of Agriculture, Winnipeg, and adopted by the United Farmers of Alberta, the Saskatchewan Grain Growers' Association, the Manitoba Grain Growers' Association, and the United Farmers of Toronto." Here is their "platform." It is a little long, but so definite as to deserve full attention :—

> "Whereas the war has revealed the amazing financial strength of Great Britain, which has enabled her to finance not only her own part in the struggle, but also to assist in financing her Allies to the extent of hundreds of millions of pounds, this enviable position being due to the free trade policy which has enabled her to draw her supplies freely from every quarter of the globe, and consequently to undersell her competitors on the world's markets, and because this policy has not only been profitable to Great Britain, but has greatly strengthened the bonds of Empire by facilitating trade between the Motherland and her Overseas Dominions—we believe that the best interests of the Empire and of Canada would be served by reciprocal action on the part of Canada through gradual reductions of the tariff on British imports, having for its object a closer union and a better understanding between Canada and the Motherland, and by so doing not only strengthen the hands of Great Britain in the life and death struggle in which she is now engaged, but at the same

time bring about a great reduction in the cost of living to our Canadian people;

"And whereas the protective tariff has fostered combines, trusts, and 'gentlemen's agreements' in almost every line of Canadian industrial enterprise, by means of which the people of Canada—both urban and rural—have been shamefully exploited through the elimination of competition, the ruination of many of our smaller industries, and the advancement of prices on practically all manufactured goods to the full extent permitted by the tariff;

"And whereas agriculture—the basis industry upon which the success of all other industries primarily depends—is almost stagnant throughout Canada, as shown by the declining rural population in both eastern and western Canada, due largely to the greatly increased cost of agricultural implements and machinery, clothing, boots and shoes, building material, and practically everything the farmer has to buy, caused by the protective tariff, so that it is becoming impossible for farmers generally to carry on farming operations profitably;

"And whereas the protective tariff is the most wasteful and costly method ever designed for raising national revenue, because for every dollar obtained thereby for the public treasury at least three dollars pass into the pockets of the protected interests, thereby building up a

privileged class at the expense of the masses, thus making the rich richer and the poor poorer;

"And whereas the protective tariff has been and is a chief corrupting influence in our national life, because the protected interests, in order to maintain their unjust privileges, have contributed lavishly to political and campaign funds, thus encouraging both political parties to look to them for support, thereby lowering the standard of public morality";

All this is by way of preamble to definite proposals, the first of which proposes means to ensure "complete Free Trade between Great Britain and Canada in five years." The argument of the "unanimous demand from the Dominions" may therefore surely be regarded for the present as unsubstantiated nonsense.

The war, however, has brought a new argument for Tariffs, which Free Traders cannot afford to ignore, for it is a natural result of strong feelings aroused by the war. On the one hand, we are told, we must put up a high tariff wall to punish Germany for her crimes. Advocates of this very natural idea should be asked to ponder very seriously the question whether it is really worth while to cut off your own nose to spite your enemy's face.

Then we are told that a Tariff system is necessary to enable us to give favoured treatment to nations who have fought side by side with us in this war.

Under that head it may be pointed out that there is no evidence that our Allies, any more than our fellow-citizens overseas, desire us to abandon our Free Trade system. President Wilson, whose voice carries more weight than that of any other statesman among the whole of the Allied Powers, advocates economic peace and a movement towards freer trade as a vital point in the Peace Settlement and in the constitution of the League of Nations. In terms he advocates "the removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance." The British Free Trader believes with President Wilson that the "economic boycott," and in fact any action on the lines of the notorious Paris Resolutions, spells a black future for the world, and the promise of perpetually recurring war.

It is hard to believe that those who preach a Tariff war after this war would not greatly modify their attitude towards the question if they could be induced to study without bias or passion the mass of difficulties which would arise. The translation of the Paris Resolutions into economic action would apparently mean the devising of a "five-decker" Tariff with duties graduated to the favour or disfavour of (1) Parts of the Empire, (2) Our Allies, (3) Neutrals, (4) Germany and Austria, (5) Our less important enemies. Possibly even a sixth class

would now be introduced to allow of discrimination between friendly and unfriendly neutrals. Senator Pulsford, of New South Wales, in a recent book,* has given us a vivid description of how Canada and Australia have unsuccessfully tried for twenty-two years to arrange a system of Preferential Tariffs among themselves. It is a pretty problem in arithmetic to deduce from that how many years it would take to arrange a five or six decker tariff with all the nations of the earth. Moreover, supposing it could be done, a child can see at once the endless occasions for international friction that would be provided. Does not President Wilson's policy of "the removal as far as possible of economic barriers" hold out a better hope of harmony to a world torn, bleeding, and well-nigh ruined with strife?

On these main beliefs and principles the New Liberalism may well be adamant. But the believer in Free Trade, like the believer in every other principle you like, must be on his guard against adopting an attitude of doctrinaire bigotry. If any Tariffist has done me the honour to follow me so far, I can hear the tone of scorn in his voice as he exclaims: "Before the war the octopus of German commercial penetration was quickly spreading its tentacles all over the earth. After the war it will resume the process. Would you stand by and do nothing to help British trade and industry in the

* "Commerce and the Empire," by Edward Pulsford.

relentless competition that will follow the close of hostilities?" That is a very reasonable question that it behoves the Free Trader to answer carefully. In the first place I would reply with another question:—How should we be helping British commerce to regain its wide foothold by imposing artificial restrictions on imports at a moment when free and unfettered access to every kind of supply from all over the globe, when also the ability to buy in the cheapest market, will be the first condition of speedy recovery. In the second place I would willingly and eagerly admit that, short of the imposition of tariffs, a very great deal can legitimately be done to foster British trade and industry at home and abroad.

Few people perhaps realise to the full the effect of the antipathy against enemy countries that will hold sway in this country for years after the war. That antipathy will, in effect, be equivalent to a high tariff against enemy manufactures, and nothing is likely to prevent it having free play. In Liverpool, for instance, memories of the *Lusitania* will be for years as effective as at least a 10 per cent. tariff. There is nothing unacceptable to the Free Trader in the suggestion, for instance, that all German or Austrian goods imported into this country should be obliged to bear an indelible stamp, "Made in Germany," or "Made in Austria." Some also would support the recommendation that all Government Departments, Local Authorities, and Statutory Bodies entrusted with the control of

moneys raised by taxes or rates should for preference purchase goods produced within the British Empire, whenever such a course is compatible with giving the taxpayer or ratepayer good value for his money.

Better financial facilities for export trade are required, though it is hoped that to some extent this requirement may be met by a broad administration of the British Trade Corporation and by the increase in size and prestige (through recent amalgamations) of some of our great banks. Transport facilities, and especially the question of shipping "rings" and "conference rates," need a careful overhauling. Scientific research in relation to the needs of industry and commerce, and technical education, cry out for Government assistance. The benefit to British industry from a proper attention to these matters would be incalculable.

The new Overseas Trade Department ought, if properly organised—and its effective organisation should be insisted upon by Parliament—to render British exporters assistance in foreign markets, which was conspicuous only by its absence in pre-war times. But, though sympathetic assistance from Government is highly desirable, the British exporter must of necessity rely mainly upon his own efforts for obtaining better foothold in foreign markets. He must realise why the German was gradually ousting him before the war, and see the need for studying and conforming to local requirements as regards credit facilities, local representa-

tives, catalogues in the vernacular, and so on. It is not the assistance of the German Foreign Office so much as the individual enterprise and business aptitude of the German trader that helped him to conquer in the commercial sphere. Of course, there are some methods practised by German business agents abroad that one would shudder to see adopted by British men of honour. But in the main our traders must meet the German and beat him at his own game of business efficiency and up-to-date methods. The most thorough assistance of a perfect Overseas Trade Department would be of little help to the exporter who is not continually in touch himself with the changing requirements in the markets where he seeks to do business.

Finally, where it is proved vital to national safety that we should produce some exceptional article for which we have hitherto been dependent upon import, the Free Trader will not deny the propriety of State help. He will, however, scrutinise such cases closely; and he will prefer bounty to tariff, for bounties give the taxpayer a chance of seeing exactly what he is doing.

Let us not leave this brief discussion of Trade Policy without remembering that this problem, like all the other great post-war problems, cannot be regarded as a separate question having no relation to others that we have been discussing. While studying ways and means of fostering British trade and industry in the coming days of peace, let us

remember, for instance, the fine faith of Lord Leverhulme (referred to in an earlier chapter) that the raising of the standard of living among the working masses will in itself provide an enormous domestic demand for the products of our industries. If that faith is justified—and it must be a leading clause in the "credo" of the New Liberalism—then the fulfilment of the plans we have been reviewing for the greater material welfare of the many will prove of greater concrete benefit to British trade and industry than any scientific tariff, even if devised and framed by the boundless wisdom of a Solomon. Then there is the great and vital part to be played by education, and that we must leave for another chapter.

CHAPTER X.

Education and Health.

BEFORE the war public interest in education was at low-water mark. Education was a "dead" subject. One thing that the war has done for us is to make it a very "live" subject indeed. The events of war have suddenly awakened us to see that in national education Great Britain is hopelessly behind the times. Furthermore, with our eyes on the future after the war, we can see clearly that the days are very rapidly approaching when efficient education will assume a far greater importance than ever before. For the days that are coming are the days of democracy. If Demos is to rule well he must be well educated. The logical extreme of what may be expected from an ill-educated Demos has recently been enacted before our eyes in Russia.

So we are all suddenly agog about education. Thank Heaven we are, at last! But it is inevitable that this sudden awakening should bring with it the danger of a headstrong rush after ideals or objects,

which may, on mature consideration, be found false or undesirable. Therefore it behoves every thoughtful citizen to ponder earnestly upon the nature and aims of national education.

The function of national education is to teach the rising generation. To teach them what? How to live; how to make the best of their opportunities and abilities in every branch of life. And since the first duty of life is to earn a livelihood, even idealists will, perhaps, not deny that it is the rational course to consider education, first of all, as affecting trade and commerce and the "earning of living." One of the great features of the last decade of peace, to which our eyes have only been fully opened during the war, was the great pace at which Germany was progressing in the industrial and commercial competition between nations. Many writers have explained this fact in many ways. One attributes it to Germany's tariff system; another to her mode of financial and banking organisation; a third to a sort of State-aided low cunning. In reality the explanation of Germany's commercial progress is to be found, more than anywhere else, in her superior system of education, and the great amount of attention paid by Germans to training and equipment. Germany realised fifty years ago that to put money in brains was the best possible investment. In an illuminating little book,* published a year before his death, the late Sir Swire Smith wrote of

* The Real German Rivalry. By Sir Swire Smith, M.P., LL.D.

a visit he paid in 1881, as a member of the Royal Commission on Technical Instruction, to the chemical laboratory of the University of Munich. "We saw in this laboratory," he says, "one of the very many in Germany, more students taking up research and the higher branches of chemistry than could have been found in all the Universities and Colleges in England put together; and I believe that the same lamentable comparison would have applied through all the years from that time to the breaking out of the war two years ago. We have been a century behind in a national system of education, and more than half a century in scientific and technical education—and we are still behind. That is why we lost the aniline dye industry and have been surpassed in others."

The upshot of Sir Swire Smith's investigations on the subject was that England's industrial supremacy could be achieved by the multiplication of technical schools, and by that almost alone. If we cannot go so far as that, yet most of us will admit that a great increase in the teaching of applied science and of modern languages are necessary for success in the industrial competition after the war. Under our existing system of education we should enter that competition at least as severely handicapped as a one-armed man in an obstacle race. Whatever else the Germans may be, they are industrially and commercially efficient, and we cannot hope to compete with them on equal terms until we have learnt a

practical lesson in up-to-date efficiency. To teach that sadly needed lesson must be one of the first aims of our new system of national education.

We are so far behind in this utilitarian side of education, and so much concentration upon it is so urgently required, that there cannot but be serious danger of our educational system swinging, with the impetus of overdue enthusiasm, to excessive materialism. The German system of education certainly suffers from that fault, and must be accounted guilty for no small share in moulding the national mind in a shape which generations of men will hold accursed. As we should be ready to learn from the good points of German education, so should we be on our guard against its intolerable features.

Education would indeed be a poor thing if it were concerned merely with utilitarianism and taught chiefly the art and importance of money-making. For a populace who in the bulk could hope for little respite from life-long toil, for whom long hours day after day left a negligible amount of leisure and no spare energy for its useful employment, there would be some excuse for neglecting the refining side of education as waste of time. But, looking forward as we do to a state of affairs in which the mass of workers will have far more leisure than before and more material opportunity for its enjoyment, we cannot fail to see that our educational system must be framed to teach the profitable use of leisure, just as much as the efficient application to work. The

function of education, we have said, is to teach how to live. More of the life of the nation in bulk is to-morrow to be leisure time. Therefore there is a call more urgent than ever before for education to teach the use of leisure. Material uplifting will be not only incomplete, but dangerous, unless it is accompanied by better intellectual training.

Nor will the educational system of to-morrow meet the needs of to-morrow if it merely teaches the rising generation to be industrially productive and intellectually more refined. One of its greatest functions must be to teach good citizenship. It is not only general enlightenment, which will, of course, make boys and girls more useful citizens in the sense of giving enlightened votes at the polling booth, that we have to aim at, though that is something. The facts of his or her social environment, the conditions governing local and national affairs, the broad aspects of current human problems, the obligation on each member of a community to contribute something to the common good—those are all points which must be pressed upon the imagination of young persons growing into full citizens. The wider and fuller the degree of freedom enjoyed by the citizen, the greater the need for the State to impress upon the mind of the citizen of to-morrow the voluntary obligations that that freedom entails.

This fact suggests that to a certain extent direct teaching of civics must be made a part of the general curriculum through which every "young person"

must pass before entering upon the great world. More, perhaps, may be expected from an enlightened teaching of modern history. But far more still will remain to be accomplished, and can only be accomplished, by framing the whole life and teaching of the ordinary school so as to inculcate the spirit of good citizenship. What the nation requires is the nation-wide inculcation of what one may call a higher patriotism—not the jingoistic philistine spirit which has too often paraded under that misnomer—but the patriotism of communal duty and mutual social obligation. Further, and most important of all, both the direct teaching and the indirect inculcation of the principles of citizenship must transcend insular and national boundaries. Good world-citizenship is even more vital than good citizenship towards one's own country. No need of to-morrow can compare with the need for the maintenance of world peace and the development of fraternity between nations. In devising methods of national education we must remember the truth emphasised recently by Professor Bateson* that "both the peace of the world and the progress of civilisation are to be sought not by the broadening of national boundaries, but in the substitution of cosmopolitan for national aspiration."

In the same volume† Mr. J. L. Paton emphasises

* "The Place of Science in Education," in the "Cambridge Essays on Education."

† Cambridge Essays on Education.

this point. "England," he writes, "is looking to her schools as she never did before. The aim of her education must be both high and wide, higher than lucre, wider than the nation. And the aim of our education cannot be fulfilled until the education of other peoples is infused with the same spirit. Education, like finance, must be planned on international lines by international consensus with a view to world peace. Only so can it fulfil the ultimate end which already looms on the horizon." Towards that fulfilment we must lead the way. The way, after all, is the way of Christianity, and the Christian Churches can hardly shirk the duty of a share in the leadership.

All these educational needs mean the necessity for a radical improvement in the quality and a great increase in the quantity of national education. Fortunately, we have at the Education Office to-day a man of wide vision, and unfettered by any previous political history of his own. Mr. Fisher has already come forward with bold proposals for raising the age limit of compulsory attendance at elementary schools to 14, and for securing compulsory attendance at continuation schools for 320 hours per annum between the ages of 14 and 18. These proposals will meet—as is already evident—with stout opposition from industries where youthful labour is an important factor. To such industries the new proposal will bring considerable inconvenience, and the opposition is natural. But in this matter of

education we cannot afford to take a parochial view. Our vision must be broad enough to realise that temporary inconvenience here and there must give way to permanent national advantage. There are some, too, who will grumble at the cost of extended education. Their opposition surely must be overborne by a general recognition that cheese-paring in this matter would be the falsest of false economies, while generous expenditure would be the wisest of all national investments. In a word, Mr. Fisher should receive the unstinted support of all thinking citizens in the further steps which are likely to follow a good beginning. He has shown in his Parliamentary speeches an unusual grip of the whole subject, including the vital necessity for raising the status, the pay, and the standard of training for teachers.

If we affirm the duty of the State to superintend the growth of the minds of the younger generation, we must affirm also its duty to superintend the healthy growth in body. *Mens sana in corpore sano* is a true, though often scoffed at, proverb, which proves the interdependence of the two problems. Moreover, the State's care of the body must begin before birth. If Shakespeare were writing today he would have to ante-date the first of his seven ages of man. The mother, in the time of her expectancy, and at the time of birth, as well as during the years of her offspring's childhood, must, however poor, have access to proper medical assistance.

In necessary cases, too, the State must feed the child. It is all very well to talk of ruining the parents' sense of moral responsibility. That time-worn argument is perfectly sound so far as it goes; but it is to the rising generation that England looks for salvation. Save the children, at all costs; only by so doing can you be sure of building up a better and a healthier race.

I have said that the New Liberalism must work forward *towards* the ultimate goal, impossible perhaps of complete achievement, of something like an equality of opportunity for all. Health, surely, is one of the first things in which we should strive to provide something like equality. Somehow or other we must aim at bringing adequate medical attention within the reach of every citizen, regardless of his power to pay. The Insurance Act, let us admit, was a grandly conceived attempt in this direction. But it has failed. The scarcity of doctors—greatly aggravated by the war—is such that in countless cases insured persons find it absolutely impossible to obtain the individual care that they need. No one, perhaps, realises that more clearly than the general practitioner himself. Masses of insured persons, therefore, consider, not without reason, that they are swindled, that they do not "get their money's worth." As a nation, we cannot afford to leave the matter where it stands to-day. A way out of the tangle must be found. It may be that a State Medical Service will prove to be the only way.

Nationalisation of their service would, of course, meet with unyielding opposition from the medical profession, which is, we must remember, one of the most powerful trade unions, led by uncompromising chiefs in Harley Street. If, as a last resort, such a controversy is forced upon the nation, let us never lose sight either of the great strength of the doctors' position, or of the great measure of justice that will underlie their opposition. Any measure which detracts seriously from the status of the profession, or lessens the inducement to young men and women to join it, would defeat its own object and bring the vital matter of national health into a far more precarious position than it is at present.

CHAPTER XI.

Lux e Tenebris.

WE have been engaged in examining and measuring a few of the thickest "trees" in the "wood," but we have not, I hope, while so employed, lost our mental image of the general aspect of the "wood" as a whole through which we have to carve a pathway for the nation into daylight beyond. It may be that, in whatever direction we may steer, whatever plans we may choose for hewing our path, wherever we may emerge from the jungle of thorny problems that surround us, we shall not find a "promised land" flowing with milk and honey, a Utopia. Granted. Nevertheless, there are two truths that we have to lay to heart. The country will not allow itself to be led backwards along the path that returns to the land of pre-war conditions. So our path must be forward, and unless it be chosen with care for justice and a reasonable appreciation of forces brought into being by the war, it will lead us into a hopeless entanglement of strife, discontent, ruin. Our path needs very careful and far-seeing engineering. If it has to be suddenly

improvised it is as sure to go wrong as night is to follow day.

Do those critics who are so fond of describing all discussion during war, of after-the-war problems, as "fiddling while Rome is burning," really in their heart of hearts mean what they say? Is it not fairer to put the matter in another way? The old order of things in Britain is burning in the conflagration of war. That conflagration has flamed up into what may be one final flare. That, surely, should be the sign to all good architects to sit down and lay their plans for rebuilding? Apart from work to end the conflagration, or as an occupation for leisure hours left after such work, can there be any more patriotic exercise than the sketching of plans for reconstruction on better lines than the old?

But return for a moment to the metaphor of the "wood." In setting our compass to steer for the clear land beyond, we must be guided by glimpses that we occasionally catch, or at any rate picture to ourselves, of the main features of the landscape in the country we wish to reach—the Better Britain. What are the features that we can see with naked eyes of faith and hope, unblurred by the misleading spectacles of Utopian imagination? We see first of all, in the background, a fine-weather haze of world peace, secure and stable, founded on justice, openness, trust; next, hovering over Britain, the blue sky of domestic peace. Without these the material features in the landscape will crumble into nothingness.

Now, the first of my objects in writing the foregoing pages has been to emphasise the grave danger of domestic strife arising after the peace, through the clash of two irreconcilable extremes. The only safeguard against this disastrous clash, I believe, exists in the organisation into an active force of the great body of moderate opinion which undoubtedly exists in this country, but is at present mainly unvoiced and without suitable facility for effective expression. To formulate a complete programme for this new organisation is a task that will tax the accumulated mental powers of many first-class brains, and is one that I certainly have not the hardihood to attempt. But, on the other hand, the broad delineation of principles which should guide the formation of the platform is, I submit, a task which every thinking citizen should regard not only as a legitimate exercise, but as a compelling duty. Feeling this duty as a man in the street, I have made a humble contribution to the discussion by putting forward certain views on the methods of obtaining domestic peace and contentment and ensuring democratic progress. To recapitulate those views would savour of a wearisome reiteration of which I do not propose to be guilty. But I will claim this : that every one of the chief problems discussed in these pages urgently demands solution on broad-minded and generous lines if we are to see the Better Britain for which all good citizens yearn.

Having renounced reiteration in general, I may

perhaps be allowed the indulgence of one repetition. Once more I would emphasise the essential interdependence of all these problems. They all have a common denominator. They are all *human* problems. It has been insisted upon here and there, as we went along, but one more illustration of it claims attention. Take the question of "increasing production." The solution of that problem gives us the master-key to many of the doors that we wish to unlock. Without it you cannot expect a sufficiently "better distribution of wealth" to be of any use—unless indeed you put on the red tie and demand spoliation, with its immeasurably baneful consequences. But to obtain increased production you must solve other problems. First and foremost you must obtain harmony between Capital and Labour. Then you must provide incentive. When, after solving these problems, you have raised the general standard of well-being, you will find that *ipso facto* you have created a great industrial demand. So one might begin with any other leading problem and show how it dovetails into others.

One word more upon the vital importance of what I have called the "Whitley machinery" for industrial self-government. I believe the establishment of such a scheme to be indispensable, and at the same time to be absolutely incompatible with the "democratic control of industry"—that is, State Socialism run wild. Parenthetically I may say that I recently asked the opinion of one of

our greatest history scholars on Mr. Henderson's proposals for State Socialism. "The book is well written," he replied, "but Heaven save us from the reign of a bureaucratic officialdom incomparably more widely extended than that which brought ancient Rome to ruin." I cling to the belief that the craving for the greatest possible degree of individual freedom is innate in the average Briton, and that upon freedom alone he can thrive.

The "Whitley machinery" has been somewhere described as the "Wedding of Capital and Labour, with Enterprise as Best Man." Let us hope that Faith, Hope and Charity will be the bridesmaids, and that the wedding, in establishing a real and not a spurious identity of interest, will prove itself one of those cases of "*mariage de convenance*" which sometimes prove more satisfactory in results than the love match. But Faith, Hope and Charity—especially the greatest of these—must be there at the wedding. The machinery for establishing identity of real interest will not work smoothly without the oil of human kindness.

Mention of this brings us at once to the question of religion. Admonishing ourselves, let us hope, at every stroke of the brush, of the practical limits of economic possibility, we have endeavoured to paint a picture of a Better Britain. In it we have depicted domestic peace and contentment; a proletariat raised to a hitherto unknown level of material well-being enjoying, among other blessings, individual freedom

of thought and expression, and greater opportunities than ever before for sound education and care of health. Many important features we have to omit from the picture, but Religion we can hardly omit. It must be one of the vital forces in the great movements after the war.

People are fond of calling this an irreligious age. What they really mean is something very different, namely, that the majority of people are turning away from the churches. The churches, by their inability to meet the needs of the souls of men, are rapidly losing influence. They are dying of their own ineptitude. But the churches cannot kill Religion. Primitive spontaneous craving for the sustaining power of Religion, deep down in the soul of man, has been stirred in these years of stress as never before. It will be indeed a tragic failure if the churches are unable—as at present they seem to be—to rise to an unexampled opportunity.

At home here in England we are saying—and how much more earnestly are they saying it on the battle fronts—that the churches have failed. They have failed, in spite of the individual goodness, self-sacrifice, and kind ministrations of thousands of devoted ministers. There are few of us who have not seen and revered the untiring Christian work and characters of many ministers of all sects. Yet the truth remains; the churches have failed. They have lost touch with the nation; they no longer reach the souls of men. It is tragic that devout and intelligent

fighting men should be able to feel and say, as some of the best are saying, that "the churches, as they are at present, are a barrier between God and man."

Why have they failed? And what do they lack? In a lay sermon recently delivered at a Cambridge church Sir Arthur Quiller Couch gave a very striking answer to these questions.

Formalism, professionalism, subservience to State (for which a harsher term is "time-serving")—there Sir Arthur Quiller Couch finds very fruitful causes of failure. But there is a far deeper cause than that. I believe that the average thinking man fails to find in the teaching of the Churches any large degree of consistency with the simple teachings of Christ. The Churches, he feels, are guilty of trying to camouflage Christianity—to disguise and adapt it to fit in comfortably with the trend of modern events. He who feels that, derives support from a high ecclesiastical quarter. It was Dean Inge, who has been reported as saying: "It is absurd to talk of the failure of Christianity. Christianity has never been tried." No, nor—unless my own experience has been exceptional—is it often preached in the latter-day pulpit. Here lies the crux of the whole matter. If the Churches are to play their proper rôle in the new life after the war, they must get back to Christ's teaching. They must read the Sermon on the Mount, that elemental fountain-head of Christianity, with which, to judge from the tone of many sermons, many a minister of religion has but an imperfect

acquaintance. A reunion of Christian Churches on the basis of mutual recognition of equality; a realisation that the simple teaching of Christ on the Mount is more important than abstruse dogma or bickerings between sects—that is what is needed if the Churches are to be revitalised, if they are to regain their prestige. Let them get back to the elementary teachings of their Master and, preaching them consistently and simply, invite the civilised world for the first time to "try Christianity." Surely we may confidently look for a movement in this direction, initiated by the younger clergy and ministers of religion, especially those who have served as "padres" at the various fighting fronts.

The failure of the Churches of the world, during the last century, to preach true Christianity is perhaps one main reason why the world is to-day wallowing in blood. But recrimination is no use. Let us say, "Never again." President Wilson has lit a beacon light of Christian justice for all the world to see. We must struggle forward with our eyes upon that. We have to steel our hearts to fight on until a Wilson peace is possible—but not one hour longer. The Wilson peace is instinct with the Christian principle of equity and justice. Only after attaining to it can we hope for light out of our darkness and for the establishment of a Better Britain and a Better World. Its attainment will provide the only sound foundation for national and international rebuilding.

APPENDIX

Report of the Whitley Committee.[1]

(Parliamentary Paper, Cd. 8606, reproduced here by the special permission of the Controller of H.M. Stationery Office.)

To the Right Honourable D. Lloyd George, M.P., Prime Minister.

Sir,—We have the honour to submit the following Interim Report on Joint Standing Industrial Councils.

2. The terms of reference to the Sub-Committee are:—

"(1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.

"(2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future."

3. After a general consideration of our duties in relation to the matters referred to us, we decided first to address ourselves to the problem of establish-

[1] See Chapter V.

ing permanently improved relations between employers and employed in the main industries of the country, in which there exist representative organisations on both sides. The present report accordingly deals more especially with these trades. We are proceeding with the consideration of the problems connected with the industries which are less well organised.

4. We appreciate that under the pressure of the war both employers and workpeople and their organisations are very much pre-occupied, but, notwithstanding, we believe it to be of the highest importance that our proposals should be put before those concerned without delay, so that employers and employed may meet in the near future and discuss the problems before them.

5. The circumstances of the present time are admitted on all sides to offer a great opportunity for securing a permanent improvement in the relations between employers and employed, while failure to utilise the opportunity may involve the nation in grave industrial difficulties at the end of the war.

It is generally [illegible]owed that the war almost enforced some rec[illegible]uction of industry, and in considering the subjects referred to us we have kept in view the need for securing in the development of reconstruction the largest possible measure of co-operation between employers and employed.

In the interests of the community it is vital that

after the war the co-operation of all classes, established during the war, should continue, and more especially with regard to the relations between employers and employed. For securing improvement in the latter, it is essential that any proposals put forward should offer to workpeople the means of attaining improved conditions of employment and a higher standard of comfort generally, and involve the enlistment of their active and continuous co-operation in the promotion of industry.

To this end, the establishment for each industry of an organisation, representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community, appears to us necessary.

6. Many complicated problems have arisen during the war which have a bearing both on employers and workpeople, and may affect the relations between them. It is clear that industrial conditions will need careful handling if grave difficulties and strained relations are to be avoided after the war has ended. The precise nature of the problems to be faced naturally varies from industry to industry, and even from branch to branch within the same industry. Their treatment consequently will need an intimate knowledge of the facts and circumstances of each

trade, and such knowledge is to be found only among those directly connected with the trade.

7. With a view to providing means for carrying out the policy outlined above, we recommend that His Majesty's Government should propose without delay to the various associations of employers and employed the formation of Joint Standing Industrial Councils in the several industries, where they do not already exist, composed of representatives of employers and employed, regard being paid to the various sections of the industry and the various classes of labour engaged.

8. The appointment of a Chairman or Chairmen should, we think, be left to the Council who may decide that these should be—

(1) A Chairman for each side of the Council;

(2) A Chairman and Vice-Chairman selected from the members of the Council (one from each side of the Council);

(3) A Chairman chosen by the Council from independent persons outside the industry; or

(4) A Chairman nominated by such person or authority as the Council may determine, or, failing agreement, by the Government.

9. The Council should meet at regular and frequent intervals.

10. The objects to which the consideration of the Councils should be directed should be appropriate

matters affecting the several industries and particularly the establishment of a closer co-operation between employers and employed. Questions connected with demobilisation will call for early attention.

11. One of the chief factors in the problem, as it at first presents itself, consists of the guarantees given by the Government, with Parliamentary sanction, and the various undertakings entered into by employers, to restore the Trade Union rules and customs suspended during the war. While this does not mean that all the lessons learnt during the war should be ignored, it does mean that the definite co-operation and acquiescence by both employers and employed must be a condition of any setting aside of these guarantees or undertakings, and that, if new arrangements are to be reached, in themselves more satisfactory to all parties but not in strict accordance with the guarantees, they must be the joint work of employers and employed.

12. The matters to be considered by the Councils must inevitably differ wi[redacted] from industry to industry, as different circumst[redacted]es and conditions call for different treatment, bu[redacted] are of opinion that the suggestions set forth [redacted]ow ought to be taken into account, subject to such modification in each case as may serve to adapt them to the needs of the various industries.

13. In the well-organised industries, one of the

first questions to be considered should be the establishment of local and works organisations to supplement and make more effective the work of the central bodies. It is not enough to secure co-operation at the centre between the national organisations; it is equally necessary to enlist the activity and support of employers and employed in the districts and in individual establishments. The National Industrial Council should not be regarded as complete in itself; what is needed is a triple organisation—in the workshops, the districts, and nationally. Moreover, it is essential that the organisation at each of these three stages should proceed on a common principle, and that the greatest measure of common action between them should be secured.

14. With this end in view, we are of opinion that the following proposals should be laid before the National Industrial Councils:—

(*a*) That District Councils, representative of the Trade Unions and of the Employers' Association in the industry, should be created, or developed out of the existing machinery for negotiation in the various trades.

(*b*) That Works Committees, representative of the management and of the workers employed, should be instituted in particular works to act in close co-operation with the district and national machinery.

As it is of the highest importance that the scheme

making provision for these Committees should be such as to secure the support of the Trade Unions and Employers' Associations concerned, its design should be a matter for agreement between these organisations.

Just as regular meetings and *continuity of co-operation* are essential in the case of the National Industrial Councils, so they seem to be necessary in the case of the district and works organisations. The object is to secure co-operation by granting to workpeople a greater share in the consideration of matters affecting their industry, and this can only be achieved by keeping employers and workpeople in constant touch.

15. The respective functions of Works Committees, District Councils, and National Councils will no doubt require to be determined separately in accordance with the varying conditions of different industries. Care will need to be taken in each case to delimit accurately their respective functions, in order to avoid overlapping and resulting friction. For instance, where conditions of employment are determined by national agreements, the District Councils or Works Committees should not be allowed to contract out of conditions so laid down, nor, where conditions are determined by local agreements, should such power be allowed to Works Committees.

16. Among the questions with which it is suggested that the National Councils should deal or allocate to

District Councils or Works Committees the following may be selected for special mention :—

(i.) The better utilisation of the practical knowledge and experience of the workpeople.

(ii.) Means for securing to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.

(iii.) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a *share* in the increased prosperity of the industry.

(iv.) The establishment of regular methods of negotiation for issues arising between employers and workpeople, with a view both to the prevention of differences, and to their better adjustment when they appear.

(v.) Means of ensuring to the workpeople the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

(vi.) Methods of fixing and adjusting earnings, piecework prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph (iii.).

(vii.) Technical education and training.

(viii.) Industrial research and the full utilisation of its results.

(ix.) The provision of facilities for the full consideration and utilisation of inventions and improvements designed by workpeople, and for the adequate safeguarding of the rights of the designers of such improvements.

(x.) Improvements of processes, machinery and organisation and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

(xi.) Proposed legislation affecting the industry.

17. The methods by which the functions of the proposed Councils should be correlated to those of joint bodies in the different districts, and in the various works within the districts, must necessarily vary according to the trade. It may, therefore, be the best policy to leave it to the trades themselves to formulate schemes suitable to their special circumstances, it being understood that it is essential to secure in each industry the fullest measure of co-operation between employers and employed, both generally, through the National Councils, and speci-

ically, through district Committees and workshop Committees.

18. It would seem advisable that the Government should put the proposals relating to National Industrial Councils before the employers' and workpeople's associations and request them to adopt such measures as are needful for their establishment where they do not already exist. Suitable steps should also be taken, at the proper time, to put the matter before the general public.

19. In forwarding the proposals to the parties concerned, we think the Government should offer to be represented in an advisory capacity at the preliminary meetings of a Council, if the parties so desire. We are also of opinion that the Government should undertake to supply to the various Councils such information on industrial subjects as may be available and likely to prove of value.

20. It has been suggested that means must be devised to safeguard the interests of the community against possible action of an anti-social character on the part of the Councils. We have, however, here assumed that the Councils, in their work of promoting the interests of their own industries, will have regard for the national interest. If they fulfil their functions they will be the best builders of national prosperity. The State never parts with its inherent over-riding power, but such power may be least needed when least obtruded.

21. It appears to us that it may be desirable at some later stage for the State to give the sanction of law to agreements made by the Councils, but the initiative in this direction should come from the Councils themselves.

22. The plans sketched in the foregoing paragraphs are applicable in the form in which they are given only to industries in which there are responsible associations of employers and workpeople which can claim to be fairly representative. The case of the less well-organised trades or sections of a trade necessarily needs further consideration. We hope to be in a position shortly to put forward recommendations that will prepare the way for the active utilisation in these trades of the same practical co-operation as is foreshadowed in the proposals made above for the more highly organised trades

23. It may be desirable to state here our considered opinion that an essential condition of securing a permanent improvement in the relations between employers and employed is that there should be adequate organisation on the part of both employers and workpeople. The proposals outlined for joint co-operation throughout the several industries depend for their ultimate success upon there being such organisation on both sides; and such organisation is necessary also to provide means whereby the arrangements and agreements made for the industry may be effectively carried out.

24. We have thought it well to refrain from making suggestions or offering opinions with regard to such matters as profit-sharing, co-partnership, or particular systems of wages, &c. It would be impracticable for us to make any useful general recommendations on such matters, having regard to the varying conditions in different trades. We are convinced, moreover, that a permanent improvement in the relations between employers and employed must be founded upon something other than a cash basis. What is wanted is that the workpeople should have a greater opportunity of participating in the discussion about and adjustment of those parts of industry by which they are most affected.

25. The schemes recommended in this Report are intended not merely for the treatment of industrial problems when they have become acute, but also, and more especially, to prevent their becoming acute. We believe that regular meetings to discuss industrial questions, apart from and prior to any differences with regard to them that may have begun to cause friction, will materially reduce the number of occasions on which in the view of either employers or employed, it is necessary to contemplate recourse to a stoppage of work.

26. We venture to hope that representative men in each industry, with pride in their calling and care for its place as a contributor to the national well-being, will come together in the manner here sug-

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gested, and apply themselves to promoting industrial harmony and efficiency and removing the obstacles that have hitherto stood in the way.

We have the honour to be, Sir,

Your obedient Servants,

J. H. WHITLEY, *Chairman.*
F. S. BUTTON.
GEO. J. CARTER.
S. J. CHAPMAN.
G. H. CLAUGHTON.
J. R. CLYNES.
J. A. HOBSON.
A. SUSAN LAWRENCE.
J. J. MALLON.
THOS. R. RATCLIFFE-ELLIS.
ROBT. SMILLIE.
ALLAN M. SMITH.
MONA WILSON.

H. J. WILSON,
ARTHUR GREENWOOD.
Secretaries.

8th March, 1917.

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